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UNIVERSITY

SCHOOL OF LAW

MASTER OF LAWS

**A CRITICAL ANALYSIS OF THE LAW REGULATING MOTOR VEHICLE
INSURANCE (THIRD PARTY RISKS) SETTLEMENTS TO ACCIDENT VICTIMS IN
UGANDA**

BY

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF LAW IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF
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OCTOBER 2025

DECLARATION

I, **Kanwagi Stephen**, hereby declare that this is my original work. The works of other persons have been quoted and duly acknowledged. Furthermore, I declare that this work has never been submitted before to any institution whatsoever and for any academic award at any institution.

Signature.....

Date.....03/11/2025

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APPROVAL

This is to certify that this dissertation titled *A Critical Analysis of the Law Regulating Motor Vehicle Insurance (Third Party) Settlements to Accident Victims in Uganda*, has been submitted in fulfilment of the requirements for the award of the degree of Master of Laws of Makerere University with my approval as the appointed University supervisor.

Signature .. *Phiona* *MP*

Date:..... *03/11/2025*

Dr Phiona Mpanga (Supervisor)

DEDICATION

This thesis is dedicated to my family, that is, my Mother; Ms Nakandi Rebecca; and Father, Mr Bukenya James; my siblings especially my sister Nalubega Jocelyn and my wife, whose unwavering support and encouragement have been my foundation; to my mentors, who guided me with wisdom and inspiration; and to the pursuit of justice, which fuels my passion for the law. This work is also devoted to the ideals of justice and equality that inspire my pursuit of law. Lastly, this work is dedicated to families affected by road accidents in Uganda.

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LIST OF ACRONYMS

AI	Artificial Intelligence
ICT	Information Technology
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EAISA	East African Insurance Supervisors Association
GDPR	General Data Protection Regulation
IAIS	International Association of Insurance Supervisors
IRA	Insurance Regulatory Authority
MTP	Motor Third Party
MTPA	Motor Vehicle Insurance (Third Party Risks) Act Cap 193
MTPI	Motor Vehicle Third-Party Insurance
MTPL	Motor Third Party Liability
PSV	Passenger Service Vehicle
RIA	Regulatory Impact Assessment
SADC	Southern African Development Community
UIA	Uganda Insurers Association
UPF	Uganda Police Force
URA	Uganda Revenue Authority
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
USSD	Unstructured Supplementary Service Data.
WHO	World Health Organisation

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ABSTRACT

This study critically examines the effectiveness of Uganda's Motor Vehicle Insurance (Third Party risks) Act Cap 193 legal framework in indemnifying accident victims. Using a qualitative research design, the study employed purposive and random sampling to gather data from policyholders, insurance regulators, accident victims, and insurers within the Kampala Metropolitan Area. Data collection methods included in-depth interviews and thematic analysis to identify recurring patterns, challenges, and best practices. Ethical considerations such as informed consent and confidentiality were strictly observed throughout the research process.

The findings reveal systemic faults in Uganda's Motor Vehicle Insurance (Third Party risks) Act (MTPA) legal regime, including the law being outdated, low public awareness, inadequate compensation limits, delays in claims processing, and poor enforcement mechanisms of compulsory insurance requirements. The study also highlights gaps in coordination between regulatory institutions and the prevalence of fraudulent activities, which undermine efficacy and public confidence. Comparatively, regional and international models such as the COMESA Yellow Card and European Green Card systems demonstrate stronger enforcement, digital integration, and higher payout ceilings, offering useful lessons for Uganda.

The research finds that Uganda's MTPI framework, though well-intentioned, requires immediate reform to achieve its primary objectives of timely and fair victim compensation. Key recommendations include amending Cap 193 to streamline the claims process, raise compensation limits, integrating ICT in claims management, strengthening enforcement mechanisms, including all vehicles in the MTP system and improving sensitisation on MTPI rights and procedures. Such measures would align Uganda's legal framework with global best practices, promoting transparency, efficiency, and access to justice for accident victims. Therefore, while MTPI is vital for road safety and accident victim protection, its current inefficiencies require a multifaceted approach involving legal reforms, public education, technological advancements, and more vigorous enforcement to enhance its effectiveness.

CHAPTER ONE

Contextualising the Study

1.0 Introduction

Motor vehicle accidents represent a grave and persistent socio-legal challenge in Uganda.¹ The nation's increasing volume of traffic and subsequent collision rates result in a high number of fatalities, injuries, and substantial economic losses.² Given this pervasive risk, the law necessitates that all motor vehicles carry Third-Party Risks Insurance (MTP). This compulsory insurance scheme is not merely a financial safeguard for drivers; it is fundamentally a social protection mechanism designed to guarantee prompt, effective, and fair compensation to innocent victims who suffer loss due to the insured driver's negligence. Uganda's early legal framework on road use, embodied in the Traffic and Road Safety Act³, primarily focused on regulating traffic offences but did not provide for an insurance mechanism. The increasing need to protect accident victims eventually prompted the enactment of the Motor Vehicle Insurance (Third Party Risks) Act, Cap 193, in 1989,⁴ which introduced compulsory third-party motor vehicle insurance and has been in application for over three decades.

The noble intent of the current legal and regulatory regime under the Motor Vehicle Insurance (Third Party Risks) Act is undermined in practice.⁵ The central problem addressed by this study is the inefficacy and inadequacy of the MTP settlement process in Uganda. Accident victims usually encounter systemic barriers, including tedious claim processing times, bureaucratic technicalities imposed by insurers, and insufficient compensation figures.⁶ This gap between the law's explicit promise of relief and its practical performance constitutes a significant failure of

¹ Kitunzi Henry, Mirembe Helen, and Guma Consolate. "Influence of awareness on the usage of motor third party insurance: a case study of Kampala district." *African health sciences* 16, no. 4 (2016): 1169-1173.

² Muni, Kennedy Maring, Albert Ningwa, Jimmy Osuret, Esther Bayiga Zziwa, Stellah Namatovu, Claire Biribawa, Mary Nakafeero et al. "Estimating the burden of road traffic crashes in Uganda using police and health sector data sources." *Injury prevention* 27, no. 3 (2021): 208-214.

³ 1970

⁴ Cap 193

⁵ Kinobe, Ahmed. "Insurance claims in Uganda: A Critical Analysis of the Motor Vehicle Insurance (Third Party Risks) Act Cap 214." *JL Pol'y & Globalization* 110 (2021): 34.

⁶ Ibid

social justice and legal certainty.⁷ Furthermore, the international legal regime has robust mechanisms that can reform Uganda's legal regime

The research begins in Chapter One by outlining the scope, goals, theories, and methods used. It then moves to chapter two to examine the international MTPI legal landscape, focusing on global treaties and regional programs like the COMESA Yellow Card. Chapter Three offers a critical analysis of Uganda's current domestic laws and policies, evaluating the relevant Act and the roles of the IRA and UIA. Chapter Four shifts focus to real-world issues, discussing insights from stakeholders, difficulties in enforcement, and the experiences of claimants, highlighting clear gaps in public knowledge, enforcement, and victim compensation. Finally, Chapter Five wraps up the study with concrete recommendations, calling for increased public education, digital claim management, stricter enforcement, and legal amendments to ensure a more efficient, just, and victim-centered MTPI regime in Uganda.

1.1 Background of the Study

The invention of the motor vehicle transformed transport globally but also introduced lethal risks.⁸ The first recorded road accident in Ohio at the end of the 19th century, and the subsequent award of USD 1,500 in 1894, revealed the capacity of automobiles to cause harm.⁹ As vehicles became popular, accidents multiplied, prompting countries to develop insurance schemes to cushion victims.¹⁰ According to the World Health Organisation (WHO) Report 2023, about 20 to 30 million people suffer injuries every year globally.¹¹

⁷ Ibid

⁸ Chisholm, D, H. Naci, A. A. Hyder, N. T. Tran, and M. Peden. "Cost effectiveness of strategies to combat road traffic injuries in sub-Saharan Africa and South East Asia: mathematical modelling study." *BMJ* 344, no. mar02 1 (2012), e612-e612. doi:10.1136/bmj.e612

⁹ Atticus. "When Was the First Car Crash in History?" Atticus Injury Law. Last modified October 11, 2024. <https://atticusinjurylaw.com/when-was-the-first-car-crash/>.

¹⁰ Ibid

¹¹ WHO. "Road Traffic Injuries." World Health Organization (WHO). Last modified December 13, 2023. <https://www.who.int/news-room/fact-sheets/detail/road-traffic-injuries>

These incidents not only cause physical harm but also psychological trauma, loss of family livelihood, and economic disruption.¹² In Africa, road accidents are among the leading causes of mortality, straining national health budgets and undermining productivity.¹³

In Uganda, road transport is the dominant mode of transport, with over 2.3 million vehicles, including motorcycles.¹⁴ Predictably, the country experiences a significant burden of accidents. A June 2022 police report documented 1,512 accident victims in just five days, of whom 336 died and 1,146 sustained injuries.¹⁵ Road accidents are a leading cause of hospital deaths, accentuating their public health impact. While the government has come up with legal measures to mitigate these effects, weak compliance and enforcement compromise their significance.¹⁶

Early Ugandan law addressed traffic offences through the Traffic and Road Safety Act of 1970, but this framework lacked an insurance mechanism. The growing demand for victim protection led to the enactment of the Motor Vehicle Insurance (Third Party Risks) Act, Cap 193 in 1989, which introduced compulsory third-party insurance.¹⁷ Under the Act, all vehicles on public roads, except government vehicles, must carry insurance to cover death or injury of third parties. The Act also contains the suspended Nominal Defendant Council which is responsible for compensating victims of uninsured or unidentified vehicles. Despite these intentions, enforcement remains weak, compliance is low, and many victims fail to access compensation.¹⁸

The law was introduced as a social policy aimed at shifting the economic burden of accidents from individuals to insurers, thereby promoting social justice and economic security.¹⁹ However, the

¹² Arieff. "Cache://<www.nytimes.com/interactive/2019/10/04/opinion/self-driving-cars-safety.html> - Google Search." New York Times. Last modified October 4, 2019.

<<https://www.nytimes.com/interactive/2019/10/04/opinion/self-driving-cars-safety.html>>.

¹³ Marquez, Patricio V, and Jill L. Farrington. "The challenge of non-communicable diseases and road traffic injuries in sub-Saharan Africa." *An overview. Washington, DC: The World Bank* (2013).

¹⁴ Amaniyo, Milka. "The impact of no-motorised roads on vehicle traffic flow in Kampala City." PhD diss, Makerere University, 2022.

¹⁵ Uganda Police. *Report of Accidents That Occurred from 02nd July to 09th July 2022*. Kampala: Uganda Police, 2022.

¹⁶ Kitunzi, Henry, Mirembe Helen, and Guma Consolate. "Influence of awareness on the usage of motor third party insurance: a case study of Kampala district." *African health sciences* 16, no. 4 (2016): 1169-1173.

¹⁷ Kitunzi, Henry, Mirembe Helen, and Guma Consolate. "Influence of awareness on the usage of motor third party insurance: a case study of Kampala district." *African health sciences* 16, no. 4 (2016): 1169-1173.

¹⁸ Ibid

¹⁹ Opcit

law's effectiveness is undermined by outdated compensation limits (UGX 1,000,000 per person and UGX 10,000,000 per accident), poor enforcement, and widespread ignorance of rights.

The study is grounded in a compensation justice framework, which places much emphasis on no fault compensation theory to assess how effectively victims of motor vehicle accidents are protected and compensated. Within this framework, the research evaluates the adequacy of protections provided under MTP Act, and the institutional effectiveness of key regulatory and industry actors such as the IRA, insurance companies and the UIA. It further interrogates the claims process and access to justice, highlighting barriers and inefficiencies that undermine fair compensation.²⁰ In addition, the study draws on comparative reforms from regional and international jurisdictions, particularly those that have introduced higher compensation limits and no-fault insurance schemes, to explore lessons that could strengthen Uganda's compensation regime.

The institutional framework supporting or impeding Cap 193 involves several actors. The Uganda Police Force produces accident reports vital for claims, but delays and corruption hinder timely justice. Private insurers underwrite policies and settle claims, but are often reluctant to pay.²¹ Policyholders (vehicle owners) are obliged to maintain valid policies but compliance is undermined by fake covers and ignorance.²² Claimants (victims or dependents) often face prohibitive costs for medical reports and lengthy delays in compensation.²³ Regulators such as the IRA enforce industry standards but lack sufficient capacity, while the UIA promotes awareness but has limited influence on enforcement. Health facilities, which issue medical documentation, add to victims' burdens through associated costs.

The claims process begins with an accident report from police (Form 3), accompanied by medical or post-mortem reports and proof of identity.²⁴ These documents are submitted to the insurer, who assesses liability and is expected to settle within 60 days, or 30 days if ordered by court.²⁵ Benefits include compensation for injury or death, financial protection for policyholders, and access to

²⁰ Ibid

²¹ Kitunzi, Henry, Mirembe Helen, and Guma Consolate. "Influence of awareness on the usage of motor third party insurance: a case study of Kampala district." *African health sciences* 16, no. 4 (2016): 1169-1173.

²² Ibid

²³ Ibid

²⁴ Opcit

²⁵ Regulation 3 of The Motor Vehicle Insurance (Third Party Risks) Regulations SI 214-1

justice for victims despite lack of contractual privity. However, in practice, the claims rate is low, compensation is inadequate, and compensation limits are outdated, and fraudulent practices common.²⁶

ICT is becoming increasingly important in purchasing policies using USSD and improving claims management in the insurance industry.²⁷ Digital systems enhance efficiency, transparency, and speed in claim submission, verification, and payment.²⁸ Online claim portals, mobile money transfers, and digital accident reporting reduce paperwork and opportunities for corruption, while facilitating faster settlements.²⁹ The IRA and insurers in Uganda are adopting ICT, but integration remains limited with some companies being reluctant to adopt ICT on a large scale.³⁰ In fact, claims are filed physically but they can be followed up and finalised using e-platforms like email and WhatsApp. Stronger ICT adoption could help bridge institutional gaps, improve monitoring, and increase trust among policyholders and victims.

At the regional and international level, Uganda's framework is influenced by comparative experiences. In East Africa, Kenya and Tanzania have more active compensation systems and have debated raising statutory caps.³¹ Internationally, regimes such as the UK's Motor Insurers' Bureau and South Africa's Road Accident Fund provide stronger victim protection, sometimes through no-fault schemes.³² The WHO has also urged African states to strengthen road safety and insurance frameworks.³³ These regional and global experiences highlight Uganda's relative underperformance and offer reform lessons, including modernization of compensation limits, activation of the Nominal Defendant mechanism, and digitization of claims.³⁴

²⁶ Ibid

²⁷ Madu, Frances, Ejikeme Isichei, and A. Onodugo Vincent. "ICT as a re-engineering strategy on claim settlement in some selected insurance companies In Nigeria: The pandemic experience." *International Journal of Business and Economic Sciences Applied Research* (2021).

²⁸ Ibid

²⁹ Uganda, IRA. "Embrace Technology - African Insurance Leaders Urged - The Insurance Regulatory Authority of Uganda." The Insurance Regulatory Authority of Uganda. Last modified July 30, 2024. <https://ira.go.ug/embrace-technology-african-insurance-leaders-urged/>.

³⁰ Ibid

³¹ Phiona, Rwandarugali. *Efficacy of the law on motor third party insurance in Uganda: case study of beneficiaries of the scheme in Uganda*, 1st ed. Kampala: Makerere, 2017.

³² Gönülal, Serap. "Motor third-party liability insurance." *World Bank Primer Series on Insurance* 16 (2010).

³³ Onyemaechi, N. O. C, and Uchenna R. Ofoma. "The public health threat of road traffic accidents in Nigeria: A call to action." *Annals of medical and health sciences research* 6, no. 4 (2016): 199-204.

³⁴ Ibid

Thus, this study evaluates whether Uganda’s Motor Third Party framework sufficiently addresses accident victims’ challenges in the claims and settlement process. While the law under Cap 193 reflects a progressive policy choice, weak compliance, outdated provisions, and poor institutional coordination have hindered its impact. To realize the Act’s objectives, Uganda must strengthen enforcement, modernize compensation caps, leverage ICT in claims management, and draw on regional and international best practices.

1.2 Statement of the Problem

The effectiveness of Motor Vehicle Third Party (MTP) Insurance in Uganda faces significant challenges that hinder its effectiveness in compensating accident victims. Legislative analyses have exposed loopholes in the system, particularly in the claims process, where victims struggle to receive adequate medical attention and financial settlement. A significant issue is the widespread ignorance among policyholders regarding their obligations and the rights of third parties affected by their vehicles.³⁵ This lack of awareness limits the number of claims made, leading to minimal compensation for victims. Additionally, the existence of forged MTP certificates indicates poor compliance with the law, further reducing the accessibility of insurance benefits.³⁶ As a result, many accident victims suffer from financial burdens related to medical care, loss of livelihood, and funeral expenses, contributing to increased mortality and prolonged disability.

Despite enacting the Motor Vehicle Insurance (Third Party Risks) Act,³⁷ which aims to address these compensation challenges. The law is outdated and inadequate, as its compensation pay-outs remain disproportionately low while subscription rates are poorly regulated, leaving victims insufficiently protected and undermining the law’s relevance to present needs.³⁸ Many victims are unable to access settlements due to inefficiencies in claims processing, noncompliance with the Act, and the reluctance of insurers to make timely payments.³⁹ Simply put, the enforcement of the law is weak. This reality contradicts the goals outlined in Uganda Vision 2040, which emphasizes

³⁵ Phiona, Rwandarugali. *Efficacy of the law on motor third party insurance in Uganda: case study of beneficiaries of the scheme in Uganda*, 1st ed. Kampala: Makerere, 2017.

³⁶ Insurance Regulatory Authority. *A Study On The Factors Affecting The Settlement Of Motor Third Party (Mtp) Insurance Claims In The Insurance Industry Of Uganda*. Kampala: Insurance Regulatory Authority, 2012. <https://ira.go.ug/embrace-technology-african-insurance-leaders-urged/>.

³⁷ Cap 193

³⁸ Ibid

³⁹ Ibid

improved access to personal health insurance.⁴⁰ If these issues persist, road transport-related injuries will continue to impose a hefty economic and social burden on individuals and the healthcare system.⁴¹ Addressing compliance gaps, improving awareness among policyholders, and strengthening enforcement mechanisms are crucial steps toward ensuring that MTP insurance serves its intended purpose of protecting road accident victims.

1.3 General Objectives

To determine gaps in motor vehicle insurance third-party risks settlements' legal and policy framework.

1.3.1 Specific Objectives

1. To examine the effectiveness of the law governing the protection of motor vehicle accident victims in Uganda.
2. To examine the challenges associated with compensation relating to Motor third-party insurance in Uganda.
3. To examine the international legal framework of Motor Vehicle Third Party Insurance.
4. To propose recommendations to address the challenges associated with Motor Third Party settlements.

1.4 Research Questions

1. What is the national policy and legal framework regulating Motor Vehicle Insurance (Third Party Risks)?
2. What is the international legal framework for Motor Vehicle third-party insurance?
3. What are the legal challenges accident victims face in accessing motor third-party insurance settlements?
4. What can be done to solve road accident victims' challenges in accessing settlements?

1.5 Justification

The study is significant in its potential to contribute to improving the MTPI system in Uganda. Through a critical analysis of the Motor Vehicle Insurance (Third Party Risks) Act Chapter 193, the research highlights its impact on accident victims in Uganda and the effectiveness

⁴⁰ Citizens' Survey on Uganda Vision 2040: Uganda's Vision: "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country Within 30 Years." 2015.

⁴¹ Opcit

of the motor vehicle third-party liability insurance settlements. By examining the relevance of the Act to the desired beneficiaries, the study aimed to underscore the importance of ensuring financial protection for accident victims as a priority. Additionally, identifying the challenges associated with motor third-party compensations enables stakeholders to recognise existing gaps in the insurance process and address issues hindering effective claim settlements.⁴² The study enriches the academic literature on insurance law and legal studies in Uganda by filling the existing research gap on this topic. The findings and recommendations of this study are valuable for policymakers, insurance companies, legal professionals, and other stakeholders, serving as a basis for informed decision-making and potential reforms in the motor third-party insurance legal framework.

1.6 Theoretical Framework

The compensation of accident victims is guided by various legal theories that determine liability, eligibility for compensation, and the mechanisms for distributing financial relief. These theories influence how justice is administered and how efficiently victims receive support. The compensation of accident victims is guided by legal, social, and economic theories.⁴³ This theoretical framework synthesizes two major compensation theories: no-fault compensation, and restitution or corrective justice. Each approach has strengths and weaknesses, influencing how accident victims are treated under different legal systems.

No-Fault Compensation Theory: This was introduced to address the inefficiencies of the fault-based model.⁴⁴ Under this theory, accident victims receive compensation irrespective of who caused the accident, reducing the need for costly and time-consuming litigation. Instead of proving fault, victims file claims with their insurance companies or government-backed funds for immediate financial relief.⁴⁵ No-fault systems are primarily used in motor vehicle insurance and workers' compensation schemes. They ensure quick access to medical treatment and lost wages,

⁴² Gifford, Donald G. "Technological triggers to tort revolutions: steam locomotives, autonomous vehicles, and accident compensation." *Journal of tort law* 11, no. 1 (2018): 71-143.

⁴³ Namukasa, Juliet, Johnson Ssekakubo, and Bonny Bagenda. "Assessment of the Level of Awareness and Perception of Motor Third Party Insurance in Kampala, Uganda." *The Journal of Risk Management and Insurance* 21, no. 1 (2017): 22-40.

⁴⁴ Howells, Geraint. "Justifications for Preferential Adoption of No-Fault Accident Compensation Schemes." *Otago L. Rev.* 16 (2019): 127.

⁴⁵ Thompson, Jason, Michael Berk, Meaghan O'Donnell, Lesley Stafford, and Trond Nordfjaern. "The association between attributions of responsibility for motor vehicle accidents and patient satisfaction: a study within a no-fault injury compensation system." *Clinical rehabilitation* 29, no. 5 (2015): 500-508.

reducing court congestion and administrative burdens.⁴⁶ This underpins modern motor vehicle insurance systems by prioritizing quick and fair compensation for accident victims, regardless of fault. This theory deviates from the early fault-based liability model, where accident victims must prove breach of legal duty of care before indemnification. Under a no-fault framework, indemnity is provided through legislative insurance schemes funded by the state or other stakeholders.⁴⁷

The strength of this theory lies in its ability to ensure prompt financial relief, minimize court disputes, and enhance social justice by settling victims, including those unable to identify negligent drivers.⁴⁸ It fronts a humane perspective by treating compensation as a social right rather than a matter of legal fault. Nevertheless, the weaknesses include the potential for moral hazard because drivers may misbehave under guaranteed compensation and victim satisfaction may not be attained due to capped rates.⁴⁹ More even, implementation demands robust administrative oversight and sustainable funding mechanisms, which may be a strain to developing economies.⁵⁰ Despite these limitations, no-fault compensation remains a pragmatic balance between justice, efficiency, and accessibility in motor accident redress systems.

The corrective justice theory: the theory underpins fault-based compensation in motor vehicle insurance by asserting that perpetrators must restore victims to their original position.⁵¹ Founded under the law of torts, it connects liability to personal fault, promoting justice and moral accountability. In third-party motor insurance, this theory ensures that insurers bear financial responsibility for harm caused.⁵² Its strength is found in reinforcing personal responsibility and deterring careless driving. Conversely, its weakness is manifest in delayed compensation and the evidential burden of proving negligence, which can deny justice to victims despite its ethical foundation.

⁴⁶ *Champion Motor Spares Limited v Y. v. Phadke and Others (Civil Appeal No. 23 of 1968)*

⁴⁷ O'Connell, Jeffrey. "The No-Fault Insurance Plan." *Virginia Law Review* 57, no. 2 (1971): 227–268.

⁴⁸ *Ibid*

⁴⁹ Abraham, Kenneth S. *The Liability Century: Insurance and Tort Law from the Progressive Era to 9/11*. Cambridge: Harvard University Press, 2018.

⁵⁰ *Ibid*

⁵¹ Weinrib, Ernest J. *The Idea of Private Law*. Cambridge, MA: Harvard University Press, 1995.

⁵² Coleman, Jules L. *Risks and Wrongs*. Cambridge: Cambridge University Press, 1992.

Patrick Atiyah on Compensation

Patrick Atiyah's theories on accident victim compensation critically examine the strengths and weaknesses of fault-based, no-fault, and state-funded models, ultimately advocating for a welfare-based approach. The fault-based system, rooted in tort law, ensures accountability but is slow, costly, and inaccessible for many victims.⁵³ No-fault insurance improves efficiency by providing compensation regardless of fault, but it limits payouts and may encourage carelessness. State-funded compensation ensures universal coverage, removing legal and insurance-related barriers, but it poses financial sustainability challenges.⁵⁴

Atiyah criticized traditional models for their inefficiencies and advocated for a social welfare approach where accident compensation is integrated into broader public support systems. He believed compensation should be based on need rather than legal fault, ensuring victims receive automatic assistance without litigation delays.⁵⁵ His work remains influential in legal reforms and personal injury law, promoting fairer and more accessible compensation mechanisms worldwide. However, Atiyah's perspective overlooks the deterrent and compensatory role of tort law.⁵⁶ In addition, he overlooks the deterrent effect that raising insurance premiums might have on driver behavior and compliance.

Thus, the theoretical framework highlights the different models used to compensate accident victims, each with unique strengths and challenges. The corrective justice model ensures accountability but can be slow and costly. No-fault systems provide quick compensation but may limit payouts and encourage reckless behavior. State-funded compensation guarantees coverage but raises financial sustainability concerns.⁵⁷ Finally, the corrective justice system aims at complete victim restoration but often require proving liability. Additionally, as Atiyah asserts, every theory has its pros and cons, but the integration of theories provides a safe remedy for accident victims by addressing social and legal concerns. In a nut shell, the study is based on a no fault compensation theory.

⁵³ Linden, Allen M. "Accidents, Compensation and the Law: By P.S. Atiyah." *Canadian Bar review* 49 (1971), 146-152. doi:10.29173/alr2440.

⁵⁴ *Ibid*

⁵⁵ Cane, Peter, and James Goudkamp. *Atiyah's Accidents, Compensation and the Law*. Cambridge: Cambridge University Press, 2018.

⁵⁶ *Ibid*

⁵⁷ *Ibid*

1.7 Scope of the Study

1.7.1 Subject Scope

The study is confined to the different aspects of the implementation and workability of the law regulating motor third-party insurance compensations to accident victims in Uganda. The study is focused on the period from August 2020 to December 2024. Mainly covering concerns of the key players in the settlement process of MTP compensation.

1.8 LITERATURE REVIEW

1.8.1 Introduction

Traffic accidents impose a significant financial burden on Uganda's central government, accounting for approximately 3-5% of the country's annual GDP.⁵⁸ Human error remains the primary cause, with factors such as over-speeding, driving under the influence of alcohol or drugs, and reckless driving contributing to most incidents.⁵⁹ The government has implemented control measures to address this issue, including enforcing and amending the Traffic and Road Safety Act (Cap 349).

However, Uganda continues to rank among the countries with high traffic fatality rates, recording 29 deaths per 100,000 people, a figure exceeding both the African average of 24.1 and the global average of 18.0 per 100,000.⁶⁰ Recent years have seen a sharp increase in road accidents, leading to higher mortality, injuries, and disabilities.⁶¹ According to the Uganda Police Force's 2021 Annual Report, traffic accidents surged by 42%, rising from 12,249 in 2020 to 17,443 in 2021.⁶² Among these, 3,757 were fatal crashes, 4,616 resulted in minor injuries, and 18,305 casualties were recorded in 2021.⁶³

Reckless commercial motorcycle riders, poor weather conditions, poor road infrastructure, distracted driving, and human error cause road accidents in Uganda.⁶⁴ Negligence, speeding, and

⁵⁸ Walekhwa, Abel W, Francis Mulolo, Carla Achiro, Mary Nantongo, Brenda Nakazibwe, and Monica M. Masanza. "A Rapid Assessment of Road Crashes in Uganda: Notes from the Field." *Dr. Sulaiman Al Habib Medical Journal* 4, no. 4 (2022), 174-181. doi:10.1007/s44229-022-00018-7.

⁵⁹ Walekhwa, Abel W, Francis Mulolo, Carla Achiro, Mary Nantongo, Brenda Nakazibwe, and Monica M. Masanza. "A Rapid Assessment of Road Crashes in Uganda: Notes from the Field." *Dr. Sulaiman Al Habib Medical Journal* 4, no. 4 (2022), 174-181. doi:10.1007/s44229-022-00018-7.

⁶⁰ World Health Organization. *Global Status Report on Road Safety 2023*. Geneva: WHO, 2023.

⁶¹ Ibid

⁶² Ibid

⁶³ World Health Organization. *Global Status Report on Road Safety 2023*. Geneva: WHO, 2023.

⁶⁴ Ibid

failure to observe traffic rules further contribute to accidents. To curb this, speed limits, stricter licensing, police enforcement, and heavier traffic fines have been implemented. Third-party insurance (MTPI) compensates accident victims, covering individuals affected by insured vehicles. It is mandatory in many countries and forms part of non-life insurance.⁶⁵ Despite its benefits, public awareness remains low, and enforcement challenges persist, with some jurisdictions limiting compensation based on passenger type.

The Motor Vehicle Insurance (Third Party Risks) Act, Cap 193, requires all vehicle owners to enrol for third-party risks insurance to protect road users.⁶⁶ The IRA oversees compliance, but enforcement challenges persist, including weak monitoring, inadequate data, and low public awareness.⁶⁷ Abraham observes that such shortfalls reflect global tensions in liability insurance systems, where profit oriented motives conflict with the general public welfare.⁶⁸ Similarly, De Villiers notes South African insurers' conflict to wider compensation duties.⁶⁹ Thus, Uganda's challenges stem from legal flaws than institutional weaknesses and strained stakeholder relationships.

1.8.2. Causes of road accidents in Uganda

According to Ahebwe commercial motorcycle riders (Boda-Bodas) cause many road accidents in urban areas citing disregard to traffic rules, impatience and reckless driving.⁷⁰ The driving practice of boda-boda riders is characterised by limited or no professionalism, non-observance of traffic regulations, and limited driving skills with no riding license; all these combined make it more evident that boda-boda riders cause accidents in the country.⁷¹ The transport sector of motorcycle riding is challenged by many accidents, mainly caused by cyclists.

⁶⁵ Supra

⁶⁶ Muwonge, Patrick. *Motor Vehicle Insurance and Compensation of Third Parties in Uganda*. Kampala: *Fountain Publishers*, 2021.

⁶⁷ Abraham, Kenneth S. *The Liability Century: Insurance and Tort Law from the Progressive Era to 9/11*. Cambridge, MA: Harvard University Press, 2018.

⁶⁸ Ibid

⁶⁹ De Villiers, Bertus. "Motor Vehicle Insurance and Victim Compensation in South Africa." *South African Law Journal* 134, no. 1 (2017): 62–83.

⁷⁰ Galukande M, Jombwe J, Fualal J, Gakwaya A. "Boda-boda Injuries a Health Problem and a Burden of Disease in Uganda: A Tertiary Hospital Survey." *Bioline* 14, no. 2 (July/August 2009), 1-2. www.ecajs.org.

⁷¹ Nduhura, Alex, Fred Alinda, Saturninus Kasozi Mulindwa, Paul Wanume, and John Paul Settumba. "Improving Road Safety: Extended Measures and Role of Private Toll Operators in Uganda." *Uganda Management Institute* (2021): 79-96.

Poor weather conditions, such as heavy rain that make roads slippery, are a significant cause of accidents in the country. Additionally, fog and mist, especially on roads like Masaka-Mbarara, lead to poor visibility, putting road users at risk.⁷² The unpredictability of weather and inadequate communication of weather forecasts to drivers has resulted in many avoidable accidents.

Moreover, the poor state of roads is another significant contributor to accidents. Inadequate drainage systems and pothole-ridden roads make some routes nearly impassable, increasing the risk of crashes.⁷³ Distracted driving also plays an important role, as many drivers using applications like Uber, Jumia, SafeBoda, and Faras focus on their devices instead of the road. Similarly, using handheld phones while driving further exacerbates the problem.⁷⁴

Additionally, reckless driving and human error contribute significantly to road accidents.⁷⁵ Many drivers engage in drunk driving, while others exceed speed limits in violation of traffic regulations. These poor driving habits continue to endanger lives on the roads.⁷⁶ More so, the adherence to traffic rules and observance of road signs is very low, leading to road accidents.

Many drivers and co-drivers do not mind using safety precautions provided by vehicle manufacturers, like seat belts while driving, which exposes people in the vehicle to injury.⁷⁷ School-going children and community members unfamiliar with road signs also expose themselves to accidents.⁷⁸ School-going children are negligent in how they conduct themselves on the road, making it easy for them to be injured on the way.⁷⁹ Many use motorcycles to go to school, and some fall off motorcycles due to fatigue or drowsiness during early hours.⁸⁰ The majority of the riders do not observe safety precautions.⁸¹ Community people sometimes dry their crops on the road, which exposes them to danger from motorists who use those roads.

⁷² Ibid.

⁷³ Nduhura, Alex, Fred Alinda, Saturninus Kasozi Mulindwa, Paul Wanume, and John Paul Settumba. "Improving Road Safety: Extended Measures and Role of Private Toll Operators in Uganda." *Uganda Management Institute*

⁷⁴ Walekhwa, Abel Wilson, Francis Mulolo, Carla Achiro, Mary Nantongo, Brenda Nakazibwe, and Monica Musenero Masanza. "A rapid assessment of road crashes in Uganda: Notes from the field." *Dr. Sulaiman Al Habib Medical Journal* 4, no. 4 (2022): 174-181.

⁷⁵ Ibid

⁷⁶ Ibid

⁷⁷ Ibid

⁷⁸ Ibid

⁷⁹ Ibid

⁸⁰ Ibid

⁸¹ Supra

Beyond physical causes, Mukasa introduces a critical social perspective relating to the emergence of hostility in the accidents aftermath.⁸² He observes that disputes over compensation, fault, and liability usually become adversarial, with claims being rejected on technical grounds, for example unlicensed drivers. Many Victims perceive such defences as unjust strategies meant to avoid payment, which fosters public mistrust of the insurance system.⁸³

Vehicles in poor mechanical condition and negligent driving form a significant cause of motor accidents. Poor decisions and speeding by drivers on the road comprise the careless way in which drivers cause accidents.⁸⁴ Other causes of accidents include poor road conditions, the availability of plenty of motorcyclists, low utilisation of safety belts, lack of education in regards to street signs, and the poor mechanical condition of cars in Uganda. Many vehicles are not serviced and not inspected as a result. The poor mechanical condition makes it probable that the vehicle may cause an accident since it is not roadworthy⁸⁵. Such accidents have been witnessed where a vehicle fails to brake, leading to injuries and deaths of persons.

1.8.3 Measures to control accidents and their effects

The ongoing prevalence of road accidents in Uganda has caused the public and private sectors to take measures to reduce them.⁸⁶ Some roads are designed with speed limits to regulate drivers' speed, as excessive speed is a significant cause of accidents. As a result, these measures help reduce road accidents and their associated fatalities.⁸⁷ Additionally, some drivers are more cautious when they notice road signs enforcing speed limits. There has been behaviour enforcement by tightening the procedure for issuing driving licenses to new drivers to avert the challenge of poor driving skills.⁸⁸

⁸² Mugisha, Daniel. "Traffic Law Enforcement and Road Safety in Uganda." *African Journal of Law and Policy* 12, no. 3 (2020): 103–120.

⁸³ Ibid

⁸⁴ Ibid

⁸⁵ Walekhwa, Abel Wilson, Francis Mulolo, Carla Achiro, Mary Nantongo, Brenda Nakazibwe, and Monica Musenero Masanza. "A Rapid Assessment of Road Crashes in Uganda: Notes from the Field." *Dr. Sulaiman Al Habib Medical Journal* 4, no. 4 (2022): 174-181.

⁸⁶ Balikuddembe, Joseph Kimuli, Ali Ardalan, Davoud Khorasani-Zavareh, Amir Nejati, and Kasiima Stephen Munanura. "Road traffic incidents in Uganda: a systematic review of a five-year trend." *Journal of injury and violence research* 9, no. 1 (2017): 17.

⁸⁷ World Health Organization. Global Status report on road safety, Geneva: 2023.

⁸⁸ <https://udls.co.ug/get-a-new-driver-licence/>

In addition, police have taken very many steps to mop up drunk drivers by using breath test kits to establish whether drivers are intoxicated.⁸⁹ In this case, the rate of people who drink and drive is reduced.⁹⁰ Heavy penalties have been implemented for those violating traffic rules, and a publicity drive has created awareness of traffic laws. In addition, amendments to traffic laws have been put in place to increase fines for traffic offenses and reduce violations that cause accidents.⁹¹ Lastly, third-party insurance was brought into play to control the magnitude of injury and compensate injured persons for the effects of injuries.

1.8.4 Third-party insurance

This form of insurance is set to compensate accident victims.⁹² MTPI is a form of insurance set up to benefit third parties affected by the vehicle owned by a policyholder. It is a system that focuses on compensating strangers to the insurance contract in case the risk occurs.⁹³ Owners pay different premiums for this type of insurance based on the size and purpose of the vehicle. For passenger service vehicles, the rate is per individual per annum, and for other kinds of cars, the rate is based on the vehicle size, and every individual affected or injured by the vehicle is entitled to such compensation.⁹⁴ So, third-party insurance exists to protect persons affected by the car of the policyholder who are total strangers to the contract of insurance.

Third-party insurance involves a policy wherein the insurance company offering the policy agrees to indemnify the insured if he or she is found liable for injuries sustained on another.⁹⁵ Most claims are assessed using the “nances method,” which is commonly known as the discounting method.⁹⁶ Motor third-party insurance (MTP) is designed with limited or no defenses for the insurance company to decline payment to third parties that have sustained injuries. Questions on the validity of driving permits and transfer of vehicle without the transfer of the insurance policy have been found by courts not to be good defenses to avert compensation by an insurance company⁹⁷.

⁸⁹ Supra

⁹⁰ Ibid

⁹¹ Balikuddembe, Joseph Kimuli, Ali Ardalan, Davoud Khorasani-Zavareh, Amir Nejati, and Stephen Kasiima. "Factors affecting the exposure, vulnerability and emergency medical service capacity for victims of road traffic incidents in Kampala Metropolitan Area: A Delphi study." *BMC emergency medicine* 17, no. 1 (2016): 1-8.

⁹² Ibid

⁹³ Ibid

⁹⁴ Musingo, Jaggwe Ronald. "An ethical assessment of the management of the compulsory motor third party insurance policy in Uganda, 2000-2008." PhD diss, Makerere University, 2008.

⁹⁵ Chakravarty, Subhash. "Health Care Facilities-the Indian Context." *Architecture plus Design* 14, no. 3 (1997): 21.

⁹⁶ Ibid

⁹⁷ Ibid

However, some jurisdictions like India have found that fare-paying passengers and gratuitous passengers are a good defence for the insurance company not to compensate the claim.⁹⁸

Motor vehicle insurance is widely regarded as the most substantial business segment for non-life insurance providers in terms of revenue volume. In many markets, it is characterised by intense competition and cyclical fluctuations in profitability.⁹⁹ In many nations, MTPL protection is mandatory to safeguard people in general. World Bank research on Europe, Africa, and Asia has shown that MTP expenses stand for around 30% of all non-life payments in the insurance industry.¹⁰⁰ This peculiarity might be made sense of by the quick rise in road transport usage. MTP protection has been presented in organised economies just in the previous years, yet it is ineffectively perceived.¹⁰¹ Drivers have come to regard it as a responsibility that they are at liberty to evade instead of perceiving it as a security against their obligation. This idea is not comfortable for the overall population.

MTPI guarantees that harm to a third party's well-being and property brought about by a mishap for which the driver and proprietor of the vehicle at fault are covered.¹⁰² An MTP policy might be taken out by the proprietor of a car or by a legal holder approved by the proprietor in the interest of the proprietor.¹⁰³ Obligatory MTP Protection is a monetary security framework that works to forestall any complaint that a third person could bring up because of the absence of the ability of a first party who caused injury or property harm following any occasion connected with an accident.¹⁰⁴ Therefore, third-party insurance settles claims of third parties against the injuries caused by the insured.

1.8.5 The operation of Third-party insurance

Most countries mandate vehicle owners to take up MTPI policies, which shows that the global trend in relation to the compensation of accident victims is positive. This implies that the players have to play their part for the policy to actualise in case of an accident.¹⁰⁵ The players include the

⁹⁸ Ibid

⁹⁹ Gönülal, Serap. *Motor third-party liability insurance*. World Bank, 2010.

¹⁰⁰ Ibid

¹⁰¹ Gönülal, Serap. *Motor third-party liability insurance*. World Bank, 2010.

¹⁰² Ibid

¹⁰³ Ibid

¹⁰⁴ Gönülal, Serap. *Motor third-party liability insurance*. World Bank, 2010.

¹⁰⁵ Kitunzi, Henry, Mirembe Helen, and Guma Consolate. "Influence of awareness on the usage of motor third party insurance: a case study of Kampala district." *African health sciences* 16, no. 4 (2016): 1169-1173.

insurance company, the policyholder, the accident victim, insurance regulators, and other necessary players.¹⁰⁶ In relation to cross-border motorists, a yellow card is given mainly in COMESA to ease tracking, access to insurance coverage, and compensation.¹⁰⁷ The minimum coverage can be acquired by the driver based on the country of origin being a signatory to the Basel Protocol 1999.¹⁰⁸ Therefore, the scheme helps to limit the personal liability of vehicle owners who drive across borders and provides for the possibility of compensation to victims of accidents.¹⁰⁹

A person who takes up third-party insurance is sure that his liability is transferred to the insurance company in case of risk. This form of insurance is in place to control the risks associated with road transport and mitigate damages that may arise because of a traffic accident.¹¹⁰ The burden is shifted from vehicle owners to the insurance company. This is relevant in contract law since parties are tied to their obligation under the contract of insurance to compensate the third person.¹¹¹ Lastly, this type of insurance can be applied in broader applications of compensation, which can be beneficial to third parties.

1.8.6 The Purpose of Insurance against Accidents.

Deaths and physical and mental impairment arising from accidents attract compensation under the law. An accident may be intentional or unintentional but has the effect of causing unpreventable harm to any person. Focus should be placed on compensating disabled persons so they can rebuild their lives.¹¹² Any ailment darkens the expectation of regular income, and compensation comes in handy to minimize the hardships that arise from the misfortune. The nature of compensation that relates to earnings as affected by the disability is the most common, and conditions for compensation vis-à-vis projected earnings must be put into consideration.¹¹³ Thus,

¹⁰⁶ Kitunzi, Henry, Mirembe Helen, and Guma Consolate. "Influence of awareness on the usage of motor third party insurance: a case study of Kampala district." *African health sciences* 16, no. 4 (2016): 1169-1173.

¹⁰⁷ Ibid

¹⁰⁸ Phiona Rwandarugali. *Efficacy of the law on motor third party insurance in Uganda: case study of beneficiaries of the scheme in Uganda*. (2017) [Unpublished master's]

¹⁰⁹ Ibid

¹¹⁰ Ibid

¹¹¹ Ibid

¹¹² Cane, Peter, and Patrick S. Atiyah. *Atiyah's accidents, compensation and the law*. Cambridge University Press, 2013.

¹¹³ Cane, Peter, and Patrick S. Atiyah. *Atiyah's accidents, compensation and the law*. Cambridge University Press, 2013.

the law works to protect reasonable expectations of people affected by accidents, and it exists to help victims recoup their lives.

1.8.7 Tortious Liability as a means of compensation

Insurance provides compensation in case the risk issued happens. However, compensation based on tortious liability and third-party insurance provides another form of compensation for victims. Liability insurance is concerned with compensation for mental and physical impairment and the resultant consequences like loss of income, amenities, and medical expenses.¹¹⁴ Motor vehicle users are mandated to obtain insurance coverage in favour of persons affected by their vehicles.¹¹⁵ Nevertheless, people are at liberty to obtain first-party insurance for personal protection as another way of guarding against such uncertainties. Liability insurance and damages awarded in tort come into play, covering the agony of misfortunes that may happen in case of accidents. Additionally, social schemes, such as worker's schemes managed by the state, come in to help members in uncertain emergencies and economic uncertainties.¹¹⁶ Thus, third-party insurance plays a key role in compensating victims, but people can go ahead and acquire policies that protect their lives from uncertainties.

Persons affected by accidents may not have the ability to pay medical bills, which necessitates a scheme that can deal with such inability.¹¹⁷ Injured people receive compensation from different sources to recover from injuries.¹¹⁸ Some people's bills are paid by way of damages in tort, personal savings, and other health insurance schemes.¹¹⁹ Statutory torts and case law under tort have played a role in helping out with compensation. In addition, some torts, like strict liability under the rule in *Rylands v Fletcher* and negligence,¹²⁰ come into play for compensation when people affected by these torts file civil claims for damages. Tortfeasors are supposed to be liable for the danger they cause to other individuals, even in accidents.¹²¹ Therefore, civil claims in tort

¹¹⁴ *Adam Rwanyarare v. Engano Millers Ltd HCCS no 20 of 2017*

¹¹⁵ *Adam Rwanyarare v. Engano Millers Ltd HCCS no 20 of 2017*

¹¹⁶ Cane, Peter, and Patrick S. Atiyah. *Atiyah's accidents, compensation and the law*. Cambridge University Press, 2013.

¹¹⁷ *Ibid*

¹¹⁸ *Ibid*

¹¹⁹ *Ibid*

¹²⁰ (1868) LR 3 HL 330, *Donoghue v Stevenson* [1932] AC 562, *the case establishes negligence and the neighbour test where in persons are directly or indirectly liable for harm caused to a neighbour*.

¹²¹ Calabresi, Guido. "Some thoughts on risk distribution and the law of torts." *Yale Lj* 70 (1960): 499.

also play a key role in compensation for accident victims. Still, the MTP forms a direct channel compared to court cases when it comes to compensation.

The case *Rwanyarare v. Engano Millers Ltd*¹²² elaborates well when it comes to negligence under tort. In this case, Adam Rwanyarare sued Engano Millers Ltd for damages, interest, and costs due to an accident involving his motorcycle and the defendant's truck on 18th October 2016 along the Mbarara-Masaka highway. The plaintiff alleged negligence on the part of the defendant's driver, who failed to exercise due care, resulting in injuries and damage to his motorcycle. The defendant denied liability, claiming the plaintiff was negligent. The court found both parties partially responsible. The defendant's driver failed to exercise proper caution while entering the main road, but the plaintiff's driver also contributed to the accident by failing to slow down and take extra caution while overtaking a stationary trailer. The liability was apportioned 50-50. However, the plaintiff was awarded general damages and costs of the suit.

Thus, tortious liability plays a key role in compensating accident victims. Still, its defenses apply like, contributory negligence which may compromise the main purpose of restoring the victim to the position he was before the accident.

1.8.8 Comparative Insights from Other Jurisdictions

MTP schemes are similarly operating in other jurisdictions. De Villiers says that South Africa's Road Accident Fund functions as a semi no fault system, enabling victims to receive compensation without necessarily proving negligence.¹²³ Similarly, Singh highlights India's approach under the law, which makes provision for both no-fault and fault-based liability schemes.¹²⁴ These jurisdictions have alleviated hostility between insurers and victims by forming centralized compensation funds. Uganda, however, remains anchored in a fault-based framework, aligning with corrective justice theory,¹²⁵ which links liability to wrongdoing. While this approach is good for moral accountability, it prolongs disputes and delays settlement. Wandera argues that adopting

¹²² Civil Suit 20 of 2017

¹²³ De Villiers, Bertus. "Motor Vehicle Insurance and Victim Compensation in South Africa." *South African Law Journal* 134, no. 1 (2017): 62–83.

¹²⁴ Singh, Rajesh. "Judicial Control of Insurance Defences in India: Lessons for Africa." *Comparative Insurance Law Review* 9, no. 2 (2019): 89–112.

¹²⁵ *Supra*

state-funded and hybrid compensation models could reduce improve efficiency and reduce hostility by shifting the burden from insurers to public mechanisms.¹²⁶

1.8.9 The Role and Perspectives of Hostile Parties

Hostile parties like insurers, victims, and vehicle owners unveil deep-seated tensions within Uganda's insurance compensation system. Mukasa documents cases where insurers deny liability, accusing victims of perpetrating fraud or cases relating to breach of policy, while victims allege insurer bad faith.¹²⁷ Policyholders are often overburdened by premiums and perceive insurers as exploitative coupled with the belief that policies are taxes.¹²⁸ This mutual suspicion propagates what Abraham describes as an "adversarial insurance culture," compromising the social purpose of compulsory insurance.¹²⁹

Kinyera adds that hostility also stems from ignorance of insurance policy terms.¹³⁰ Drivers purchase insurance primarily to comply with police requirements, minus understanding the rights and obligations attached. When accidents happen, the some drivers are shocked to discover that certain losses fall outside risk insured. Such confusions fuel litigation, disputes, and public frustration.

Court decisions further reveal the existence of hostility. In *Rwanyarare v. Engano Millers Ltd*,¹³¹ the court allocated liability between both parties, recognizing the shared fault but stressing the insurer's duty to compensate irrespective of procedural irregularities. This case underscores how courts in Uganda often mediate between conflicting interests, balancing fairness, deterrence, and social welfare

1.11 Gaps in Literature

Despite attempts to reduce road accidents in Uganda, several gaps in the literature persist. First, there is limited research on the effectiveness of existing measures to implement MTP, requiring

¹²⁶ Supra

¹²⁷ Mukasa, Brian. "Hostility in Insurance Compensation: A Study of Ugandan Claim Disputes." *East African Law Review* 6, no. 1 (2022): 55–70.

¹²⁸ Ibid

¹²⁹ Abraham, Kenneth S. *The Liability Century: Insurance and Tort Law from the Progressive Era to 9/11*. Cambridge, MA: Harvard University Press, 2018.

¹³⁰ Kinyera, Robert. *Challenges in Enforcement of Motor Third-Party Insurance in Uganda*. Kampala: Law Development Centre Press, 2020

¹³¹ Supra

amendments to the Traffic and Road Safety Act¹³² and enforcement policies. Empirical studies evaluating their impact on accident reduction are needed.¹³³ Additionally, the role of road infrastructure in accident prevention is underexplored, with little analysis of how improved road conditions affect safety.

Behavioral studies on drivers and road users are lacking, particularly in understanding risk perception, adherence to safety regulations, and attitudes toward enforcement.¹³⁴ The efficiency of emergency response systems in reducing fatalities also remains an area requiring investigation. Further research could assess ambulance response times, hospital accessibility, and first-aid availability.

Technological interventions, such as speed cameras and AI-driven monitoring, have not been sufficiently studied in Uganda¹³⁵. Correspondingly, while the economic cost of road accidents is estimated at 3-5% of GDP,¹³⁶ more detailed research is needed on productivity loss, healthcare expenses, and social impacts.

In the insurance sector, third-party motor vehicle insurance remains poorly understood, with few studies on policyholder compliance and claim settlement challenges, and Comparative studies with countries that have successfully reduced road accidents could provide valuable insights.¹³⁷

Finally, climate change and its impact on road safety, particularly extreme weather conditions affecting road quality and visibility, remain unexplored.¹³⁸ Addressing these research gaps could improve policy development and accident prevention strategies in Uganda.

¹³² Cap 349

¹³³ World Health Organization. *Global Status report on road safety*, Geneva: 2023.

¹³⁴ Supra

¹³⁵ Ibid

¹³⁶ Ibid

¹³⁷ Supra

¹³⁸ Supra

1.12 METHODOLOGY

1.12.1 Research Design

A research design is defined as a logical sequence connecting empirical data to the original research questions thereby coming up with a conclusion.¹³⁹ Exploratory research was used adopting a qualitative method of research on the selected case study.¹⁴⁰ The choice of qualitative research method was based on the fact that it allows the gathering quality data from the respondents producing the true efficacy of the research phenomenon. This enables a comprehensive understanding of the topic.¹⁴¹ Qualitative methods provide in-depth insights and perspectives.¹⁴² In addition, it has to ability to portray changing attitudes of the respondents in the research. Qualitative research is also flexible providing room for speculations when it comes to areas of interest in the research.¹⁴³ The design exposes the strengths and weaknesses in the domestic and foreign legal framework of third-party insurance to that end portraying the lacunas in the compensation process and available solutions to the challenges.

1.12.2 Description of the Geographical Area

The research focused on Kampala Metropolitan Area Uganda. The choice of the geographical area ensures a diverse representation of perspectives and experiences regarding the implementation and workability of the law regulating motor third-party insurance compensations to accident victims in Uganda.

1.12.3 Description of the Population from which Samples Were Selected

The population for this research includes; policy holders, accident victims, underwriters, and drivers from various demographic backgrounds.

1.12.4 Sampling Strategies

The research utilized purposive sampling to selected accident victims, the IRA, UIA, Transport companies, Insurance companies and drivers. Random sampling was employed for the surveys to ensure representative data collection.

¹³⁹ Ibid

¹⁴⁰ Yin, Robert K. "Case study research." (2014).

¹⁴¹ Ibid.

¹⁴² "10 Advantages and Disadvantages of Qualitative Research." Poppulo Harmony Platform | All-in-One Enterprise Communication Solution. Last modified August 5, 2021. <https://www.poppulo.com/blog/10-advantages-and-disadvantages-of-qualitative-research>.

¹⁴³ Ibid

1.12.5 Data Collection Methods

The research employed a qualitative research design and utilized multiple data collection methods. In-depth interviews were conducted with several participants to gather their experiences and perspectives regarding the effectiveness and implementation of laws regulating MTPI compensation for accident victims in Uganda.

The selection of in-depth interviews as a primary data collection method was based on their ability to capture rich, comprehensive information. They allowed the researcher to explore participants' experiences, perspectives, and motivations. In-depth interviews facilitated a deeper understanding of complex phenomena, enabled probing and follow-up questions, and provided valuable insights into individual narratives and subjective interpretations.¹⁴⁴

The research aimed to answer key questions, including: firstly, what is the existing national policy and legal framework regulating motor vehicle accidents (Third Party Risks)? Secondly, what is the international legal framework for motor vehicle third-party insurance? Thirdly, what legal and social challenges do accident victims face in accessing motor third-party insurance settlements? And finally, what measures could be taken to address the challenges faced by road accident victims in accessing settlements?

1.12.6 Data Quality Control

Data control in this research ensured accuracy, consistency, and reliability of collected information. Measures such as proper data validation, storage, and verification were implemented to prevent biases and errors. Interview records were securely stored to maintain confidentiality. Cross-checking data from multiple sources enhanced credibility. Ethical guidelines were strictly followed to protect participants' privacy and uphold research standards, contributing to the overall validity of the study findings. Lastly, all data collection tools were pretested and the researcher obtained training in research.

¹⁴⁴ Rutakumwa, Rwamahe, Joseph Okello Mugisha, Sarah Bernays, Elizabeth Kabunga, Grace Tumwekwase, Martin Mbonye, and Janet Seeley. "Conducting in-depth interviews with and without voice recorders: a comparative analysis." *Qualitative Research* 20, no. 5 (2020): 565-581.

1.12.7 Data Analysis

Qualitative data from interviews was analyzed using thematic analysis to identify patterns, themes, and key findings. Standard analytical methods include thematic analysis, content analysis, and grounded theory, each providing a structured framework for interpreting qualitative data. Thematic analysis is a qualitative data analysis method involving identifying and analyzing themes or patterns within the data. The process consists in familiarizing with the data, generating initial codes, searching for themes, reviewing and refining themes, defining and naming themes, and producing a coherent narrative representing the findings. It also involves systematically organizing and interpreting data to uncover meaningful insights and develop a comprehensive understanding of the research topic.¹⁴⁵

1.12.8 Ethical Consideration

Ethical considerations are crucial in research as they protect participants' rights, welfare, and dignity. Adhering to ethical principles ensures informed consent, confidentiality, privacy, and minimizing the impact of not adhering to them. Ethical conduct fosters trust, credibility in research, upholds professional integrity, and ensures the study's ethical implications, and potential consequences are carefully considered and addressed. Ethics involve procedures, methods, or perspective for discerning how to behave and analyse complex issues.¹⁴⁶ The researcher adhered to ethical guidelines and principles, ensuring informed consent, confidentiality, and protection of participants' rights.¹⁴⁷ Ethics were put into consideration to protect the welfare, rights and dignity of the participants. Lastly ethics foster the research aims like truth, knowledge and limiting errors in research.¹⁴⁸ Therefore, ethics are relevant to keep the research in the boundaries of acceptable standards of data collection.

1.12.9 Gender Consideration

The research considers gender as a cross-cutting issue. It ensures equal representation and participation of both men and women in the study. The study had six key female respondents and fourteen key male respondents.

¹⁴⁵ Braun, Virginia, and Victoria Clarke. "Conceptual and design thinking for thematic analysis." *Qualitative Psychology* 9, no. 1 (2022): 3.

¹⁴⁶ David, B. "What is ethics in research & why is it important." (2015).

¹⁴⁷ Braun, Virginia, and Victoria Clarke. "Conceptual and design thinking for thematic analysis." *Qualitative Psychology* 9, no. 1 (2022): 3.

¹⁴⁸ David, B. "What is ethics in research & why is it important?" (2015).

1.12.10 Limitations of the Study

The study aimed to conduct a critical analysis of the law regulating motor vehicle insurance (third party) settlements to accident victims in Uganda. This analysis focused on the international legal principles governing MTPI, the existing legal and institutional frameworks addressing MTPI in Uganda, enforcement mechanisms, and the challenges faced. These factors significantly impact MTPI settlements in Uganda. However, the study faced notable limitations: Due to time and financial resources constraints, data collection was limited to the Kampala metropolitan area. While expanding the research to encompass all regions of Uganda could have yielded more comprehensive insights and potentially altered the outcomes, the population studied was deemed appropriate for the scope of this research. The study was limited to analysing the law regulating motor vehicle insurance (third-party) settlements for accident victims in Uganda. The study focused on the effectiveness of MTP settlements to victims, its limitations and challenges therein. Therefore, the results are limited to this context.

CHAPTER TWO

2.0 The International Legal Framework of Motor Vehicle Insurance Third-Party Risks Insurance

2.1 Introduction

Motor vehicle third-party risks insurance is a critical component of the global legal landscape.¹ This is because it offers a safety net for people, more so those affected by accidents involving automobiles.² The international legal framework governing this insurance is multifaceted, drawing from global agreements and regional initiatives.³ At the heart of these regulations are efforts to standardize coverage, facilitation of cross-border recognition, and ensure financial protection for victims of road accidents.⁴ Globally, organizations such as the United Nations have played an integral role in shaping principles.⁵

The vehicle population is growing globally, and third-world countries are not left out of the trend. Motor insurance is a major source of income to insurance companies around the world since it has a feature of spreading risk, which may not necessarily necessitate reinsurance.⁶ Most countries have adopted compulsory insurance, which creates bias in voluntary insurance. It is recognized that motor insurance performance in third-world countries is unfavorable. Developing countries share a similarity in the claims procedure, and the system is based on liability.⁷ The claim is initiated by the victim, and in most cases, the victim must not be at fault. However, the number of claims made globally in developing countries is on the rise due to increased awareness. Therefore, Jurisdictional apportionment of liability for compensation to be effected depends on the laws of the country.

In the context of Africa, where regulatory landscapes vary significantly, the quest for harmonization is evident. Ideally, this is fueled by growing regional integration and economic communities such as the East African Community (EAC), Southern African Development

¹ United Nations Conference on Trade and Development (UNCTAD), *Insurance and Development: A Global Overview* (Geneva: UNCTAD, 2020).

² Ibid

³ Araz, Taeihagh, and Hazel Si Min Lim. "Governing autonomous vehicles: emerging responses for safety, liability, privacy, cybersecurity, and industry risks." *Transport reviews* 39, no. 1 (2019): 103-128.

⁴ Ibid

⁵ Ibid

⁶ Ibid

⁷ Ibid

Community 1980 (SADC), and Economic Community of West African States (ECOWAS). Countries like Canada and the United States have reciprocal arrangements when it comes to third-party insurance. As such, in a bid to capture a more in-depth understanding, it is important to examine the nuances of the international legal framework of motor vehicle third-party insurance, focusing on both the global perspective and regional considerations with a specific focus on selected global regions. In the same way, by exploring the interplay between international principles and domestic laws, particularly in the case of developing countries, this chapter is aimed at unraveling the complexities surrounding enforcement, compliance, and the ongoing quest for a more streamlined and effective system.

Motor insurance is regulated at a global scale by conventions entered into by countries through international organizations like the United Nations.⁸ However, it has to be noted that at the continental and regional level, countries have joined efforts to fight against the adverse effects of accidents on third parties.⁹ The African Union, the European Union, coupled with regional organizations like SADC and ECOWAS, have spearheaded the harmonization of rules governing cross-border compensation for accident victims at the continental level. This chapter presents the operation of MTP at international and region level by analyzing regions and RECs in those regions.

2.2 Global Perspective on Motor Third-Party Insurance and Road Accidents

Agreements and Conventions are aimed at fostering cooperation and standardization of policy on a global scale.¹⁰ Notably, international law has common application at a regional level compared to an intercontinental level.¹¹ At the core of this regulatory landscape is the Geneva Road Traffic for the international legal framework¹², it also operates with the Vienna Convention of 1973 to regulate road use and manage traffic to eliminate road accidents. Established under the auspices of the United Nations, these conventions have long served and continue to serve as foundational pillars, providing a comprehensive framework for the mutual recognition of motor

⁸ United Nations Economic Commission for Africa (UNECA), *Improving Road Safety and Insurance in Africa* (Addis Ababa: UNECA, 2021).

⁹ International Monetary Fund (IMF), *Financial Sector Stability and Insurance Regulation in Developing Economies* (Washington, DC: IMF, 2021).

¹⁰ Mikhail Gennadevich, Rusetskiy, Lyubov Vasilevna Agarkova, Lubov Konstantinovna Ulibina, O. A. Okorokova, and T. G. Aygumov. "The role of insurance in providing economic safety of business entities." *Espacios* 39, no. 27 (2018): 20.

¹¹ Article 1(2) Intergovernmental Agreement on the Establishment of an Inter-African Motor Vehicle Third Party Liability Insurance Card which is especially for African States.

¹² Geneva Convention on Road Traffic 1949

vehicle insurance policies among participating countries.¹³ The major goal of the conventions is to streamline cross-border travel and ensure that victims involved in accidents with foreign vehicles can be given fair and timely compensation. At the core of these conventions is the emphasis on compulsory insurance coverage for third-party liabilities and the proper use of the road by all stakeholders.¹⁴ Ideally, this principle does not only safeguard the interests of accident victims but also promotes a sense of responsibility among vehicle owners or users worldwide.

The Convention on Road Traffic (the Geneva Convention on Road Traffic),¹⁵ is an international law which promotes the safety and development of international road traffic putting in place recognizable regulations, operating among the signatories. Under the convention, contracting states must apply the provisions of the convention for international traffic, but to vehicles staying in the jurisdiction for a period of less than one year.¹⁶ Contracting states under the convention must share information relating to drivers to hold them liable in case accidents occur.¹⁷ Thus, the convention provides for the primary legal framework to cater for victims of accidents globally.

2.3 The Hague Convention 1971 on the law applicable to traffic accidents.

The purpose of the convention is to provide clear, precise and easily applicable regulations to determine the law governing traffic accidents. The focus is to serve more the interests of the victims compared to any other parties that may be involved.¹⁸ In particular, the victim must be in position to know the process of recourse after the accident and law the legal liability that arises out of the accident. The convention benefits the insurers also in evading judicial costs that may arise due to uncertainty in compensation which results into friendly premiums for the benefit of all parties.¹⁹ Fairness of results is the main objective of the convention by providing an appropriate legal environment where in the protection of the victim is of primary concern.²⁰ Thus, the

¹³ Mabrouk, Touahmia. "Identification of risk factors influencing road traffic accidents." *Engineering, Technology & Applied Science Research* 8, no. 1 (2018): 2417-2421.

¹⁴ Araz, Taeihagh, and Hazel Si Min Lim. "Governing autonomous vehicles: emerging responses for safety, liability, privacy, cybersecurity, and industry risks." *Transport reviews* 39, no. 1 (2019): 103-128.

¹⁵ 1949

¹⁶ Article 1 Convention of Road Traffic 1949

¹⁷ Ibid Article 25.

¹⁸ Article 4 Hague Convention 1971

¹⁹ Хлестова, Ирина, and Irina KHlyestova. "Hague Convention on the Law Applicable to Traffic Accidents." *Journal of Russian Law* 4, no. 12 (2016), 0-0. doi:10.12737/22719.

²⁰ Хлестова, Ирина, and Irina KHlyestova. "Hague Convention on the Law Applicable to Traffic Accidents." *Journal of Russian Law* 4, no. 12 (2016), 0-0. doi:10.12737/22719.

convention is centralized on the protection of victims by proving a guiding legal regime that can be used around the globe.

Application of the Convention, the Convention has a wider base of applicability, focusing on caretakers and their dependents in a way of catering for families of deceased or impaired persons from road accidents.²¹ It further gives a wider interpretation of the word vehicle to include trams, cars, trucks, horses, skis and trucks with wider risk coverage. In addition, the accident place may be a camp site, industrial site, or public road as a case may be and necessarily a public road. Last but not least, the victims may range from passengers, vehicle lessees, drivers, and any person outside the vehicle, hence the wide application base of the convention.²² Furthermore, the place of the accident has subcategorized rules, which can be based on the area of vehicle registration, place of abode of the victims, and other grounds may be based upon to determine residence based on the legal environment of the area where the accident occurs.²³ So, the convention provides predictability answers that may arise out of accidents and ensures that the victim has direct recourse against the insurer.

Rules provided for under the convention have a universal application and are independent of the laws of the contracting state. The victim may have recourse basing on domestic law, contract or the Convention. Additionally, a contract of insurance is the direct point of recourse in case all other remedies are exhausted. The convention covers various forms of damage but lacks certainty on some events that may arise outside the ambits of the convention.²⁴ Particularly, under Article 4²⁵ a question arises in every accident, whether vehicles are involved and whether persons are involved. The law of a place where the accident occurs is less important because the law of the home country of vehicle registration takes precedence unless parties have their habitual residence in the area where the accident occurs. The law further extends to compensate for the damaged goods of victims or passengers.²⁶ Notably, liability for goods outside the vehicle is determined by

²¹ Ibid

²² Хлестова, Ирина, and Irina KHlyestova. "Hague Convention on the Law Applicable to Traffic Accidents." *Journal of Russian Law* 4, no. 12 (2016), 0-0. doi:10.12737/22719.

²³ Ibid

²⁴ Article 4 Hague Convention 1971

²⁵ Hague Convention 1971

²⁶ Article 5 Hague Convention 1971

the law of the nation where the accident occurs. Thus, the convention caters for drivers, accident victims, their beneficiaries and directly affected properties.

Conclusively, The Convention has proven to be of paramount legal importance as it has general application in the European Union and the transit application of the convention has facilitated uniformity in the motor third party legal regime. The rules reduce unnecessary litigation and help in settling court disputes, which saves time and costs, hence facilitating justice and fairness in accident-related cases.

2.4 The European Union

The principles governing MTP are not uniform in the European Union zone. Nevertheless, there are common principles and directives that aim at harmonizing insurance requirements in the European Union. The motor insurance directive of the European Union Commission 2009, a person who holds a required motor insurance policy has coverage to drive in the entire European Union zone. The 2009 directive mandates motor vehicles operated in Europe to be covered by compulsory motor third party insurance. Border checks are prohibited making it easy for cars to move from one jurisdiction to another on the European continent. In addition, the minimum third-party liability coverage is stipulated in the directive.²⁷ For material damage the minimum claim amount is €1,220,000 per claim.²⁸ The directive further exempts particular individuals for example the state, federal states, local authorities, communities, state corporations. The legal representatives of these entities are liable to compensate victims. Even more, exempt entities can voluntarily take up motor third party insurance. Vehicles like trolleys, trailer work machines, armored military vehicles, electric bikeS with a maximum of 600 wats power are also exempt.²⁹

The directive introduced a compensation mechanism to compensate local personnel for damage or injuries caused by a vehicle from another EU country. Also, it fosters accident claims in an EU country other than the victim's country to be processed quickly for the visiting victims. It further encourages policy holders to request statements for any claims that are made in the previous five years on the policy to enable policy holders to track claims.³⁰ However, it has been noted that the directive does not cater for the calculation of civil liability claims and compensation

²⁷ Article 9(2) of Directive 2009/103/EC

²⁸ Ibid

²⁹ Supra

³⁰ Supra

which is a reservation for individual EU countries. In addition, comprehensive motor insurance cover is not covered by the directive.³¹ Thus, the European zone has a legal framework for the compensation of victims of vehicle accidents, especially third-party claims.

The Guarantee fund, The EU has a guarantee fund directive mandating member states to cater for compensation for victims of motor accidents in all circumstances.³² Such schemes exist to cater for hit and run occurrences and other similar where compensation may be complicated.³³ The Motor Insurance Directive (2009/103/EC) is a directive that set out the minimum insurance requirements for motor vehicles in the EU. The directive's focus is on ensuring that vehicles moving within the EU are covered by insurance to compensate victims of accidents.³⁴ The directive enforces a non-discriminative benefit from third party insurance for people in the Euro zone.³⁵ In addition, drivers are mandated to move with proper documentation (Green card system) relating to their vehicles when operating in another state because enforcement is subject to the host state. A vehicle is not allowed to operate in a foreign state unless it is covered.³⁶

The same insurance is compulsory in all states but was partly amended by Directive 2021/2118 which waters down compulsory third-party risks insurance for some vehicles like light vehicle, race cars and other vehicles not purposely used for transport.³⁷ The policyholders are free to take up motor third-party insurance in a Euro state at will for excepted vehicles. In addition, a claim is made against the driver's insurer, and every insurance company in the euro-zone must appoint other companies to assist with foreign claims.³⁸ The amendment came as a result of the cases decided by the European Court of Justice requiring the immediate amendment of the 2009 directive.

The cases filed in the Court of Justice of the European Union checked the applicability of the 2009 Directives to modern trends and checked its effectiveness in compensating accident

³¹ Alexia. "Amendments to the Motor Insurance Directive Come into Force Across the EU - the Key Changes - Ganado Advocates." Ganado Advocates. Last modified January 31, 2023. <https://ganado.com/news/practice-news/amendments-to-the-motor-insurance-directive-come-into-force-across-the-eu-the-key-changes/>.

³² Directive no. 84/5/ EEC, December 30, 1983.

³³ Gönülal, Serap. *Motor third-party liability insurance*. World Bank, 2010.

³⁴ Article 3 Directive 2009/103/EC of the European Parliament and of the Council

³⁵ Article 4 Directive (EU) 2021/2118

³⁶ Ibid Article 7

³⁷ Directive (EU) 2021/2118 Of the European Parliament and of the Council of 24 November 2021

³⁸ Gönülal, Serap O. "Motor third-party liability insurance in developing countries: Raising awareness and improving safety." (2009).

victims. The case of *Damijan Vnuk v. Zavarovalnica Triglav d.d.*³⁹ It was held that the concept of vehicle use under the directive of 2009 relates to the normal use of a vehicle and exemptions are not necessary. In this case a truck or electric vehicle that maneuvers to cause an injury to a third party operates under the 2009 directive. The claimant got an injury, when a trailer detached from tractor knocked down a ladder in his homestead. Court held the respondent liable incorporating the operation of a vehicle on private land under the 2009 directive. Even more, in the case of *Rodrigues v. Andrade*,⁴⁰ The court interpreted use of a vehicle' as not being dependent on terrain, or it being still but it being a means of transport at the time of the accident. Conclusively, the cases above contributed to the passing of Directive (EU) 2021/2118.

Directive (EU) 2021/2118 was brought into law to amend the shortfalls of the 2009 directives following popular decisions of the ECJ which brought the law to present realities.⁴¹ The following areas were amended, insurance check of vehicles by members states, compensation in case the insurer is insolvent, minimum mandatory amounts for insurance coverage and the adoption of the usage of insured insurance claim history for the insurance of a new insurance undertaking.⁴²

The 2021 amendment redefines what a vehicle is and electric vehicles form part of the vehicle covered by the directive. However, some lightweight electric vehicles, like scooters, are excluded under the directive to encourage people to use eco-friendly means of transport. Vehicles have to be insured to make travel possible from one state to another. In cases where checks are applied, checks must be applied to all vehicles but interference with vehicle movement is prohibited.⁴³ The claims history is relevant since all jurisdictions have a database to track a policyholder and claim under the policyholder's name; this is paramount in considering one's policy in a new state in the Eurozone.

Notably, there is a further requirement requiring to compensate victims insured in insolvent companies.⁴⁴ This operates as a guarantee scheme, but Malta is a part of it since it has

³⁹ C-162/13

⁴⁰ C-514/16; [2018] 4 WLR 75 (CJEU)

⁴¹ Directive (EU) 2021/2118

⁴² Article 9 Directive (EU) 2021/2118

⁴³ Alexia. "Amendments to the Motor Insurance Directive Come into Force Across the EU - the Key Changes - Ganado Advocates." Ganado Advocates. Last modified January 31, 2023. <https://ganado.com/news/practice-news/amendments-to-the-motor-insurance-directive-come-into-force-across-the-eu-the-key-changes/>.

⁴⁴ Article 10 Directive (EU) 2021/2118

an independent scheme in case of uncertainties like insolvency.⁴⁵ All states are supposed to set up a body or appoint a body to provide compensation for the person's resident in such a state. The compensation fund can also work to compensate for loss because of damage to property and other personal injuries caused by Motor vehicles.⁴⁶ So, a fund exists to cater for insolvent companies or companies that are facing winding up.

Every state is mandated to have a fund, but the mode of funding the pool can vary from state to state.⁴⁷ The victim is compensated under the fund because of an accident caused by a car from a foreign state can claim reimbursement from the home state where the vehicle is registered. This poses a threat to the compensation claims process between countries, which may cause difficulties in compensation.

The EU Green card

The United Nations Commission for Europe 1949 introduced the green card to deal with third-party risks relating to traffic specifically. Motorists do not have to take on the insurance at the border using this system if the operator possesses a green card. Even more, victims of cross-border accidents are supposed to be properly compensated and not prejudiced when making claims.⁴⁸ The nations are 50 represented by 46 Green card bureaux. Membership ranges from North Africa to some countries in Asia and Europe.⁴⁹ Under this arrangement, the bureau compensates victims by applying the domestic law of the country where the accident occurred.

Organisations, apart from the foundational international conventions, there are a series of regional and intergovernmental organizations that have played a huge role in shaping the global perspective of motor vehicle third-party insurance. Organizations like the International Association of Insurance Supervisors (IAIS) have been integral in developing global insurance standards. Based on the recognition of the interconnected nature of the insurance industry and the

⁴⁵ Ibid

⁴⁶ Alexia. "Amendments to the Motor Insurance Directive Come into Force Across the EU - the Key Changes - Ganado Advocates." Ganado Advocates. Last modified January 31, 2023. <https://ganado.com/news/practice-news/amendments-to-the-motor-insurance-directive-come-into-force-across-the-eu-the-key-changes/>.

⁴⁷ Alexia. "Amendments to the Motor Insurance Directive Come into Force Across the EU - the Key Changes - Ganado Advocates." Ganado Advocates. Last modified January 31, 2023. <https://ganado.com/news/practice-news/amendments-to-the-motor-insurance-directive-come-into-force-across-the-eu-the-key-changes/>.

⁴⁸ Đokić, Jasmina, Antonija Marić, and Ana Martinović. "Processing Cross-Border Claims In Out-of-Court Proceedings: A Comparative Analysis of the Green Card and the Protection of Visitors Systems and the Need for Fundamental Changes." *Mostariensia: časopis za društvene i humanističke znanosti* 28, no. 1 (2024): 199-219.

⁴⁹ Đokić, Jasmina, Antonija Marić, and Ana Martinović. "Processing Cross-Border Claims in Out-of-Court Proceedings: A Comparative Analysis of the Green Card and the Protection of Visitors Systems and the Need for Fundamental Changes." *Mostariensia: časopis za društvene i humanističke znanosti* 28, no. 1 (2024): 199-219.

challenges posed by a dynamic global landscape, these bodies work together to promote sound and effective insurance practices.⁵⁰ It is also important to note that recent years have been marked by rapid advancement in technology and an evolution of the risk landscape. Ideally, this has significantly added to the complexity of cross-border claims and insurance-related issues.⁵¹

The proactive approach, organizations have embarked on a journey to develop and implement a proactive approach that is aimed at addressing these emerging challenges, ensuring that the regulatory framework remains adaptive and resilient.⁵² This is done in a series of ways, including forums, dialogues, and collaborative initiatives that allow stakeholders to harmonize insurance standards on a global scale.⁵³ This emphasis on collaboration enhances regulatory consistency and fosters a cooperative environment where countries can collectively respond to evolving risks, technological disruptions, and the intricacies of cross-border insurance.⁵⁴ This further reinforces the global nature of efforts to refine and adapt the international legal framework for motor vehicle third-party insurance.

Social-economic considerations, it is important to note that the global perspective of motor vehicle third-party insurance extends beyond legal frameworks. Notably, it also includes socio-economic considerations and the broader implications of road safety. The importance of a robust insurance framework is further stressed by the interconnectedness of economies and the free movement of goods, services, and people.⁵⁵ Ensuring individuals and businesses can confidently navigate cross-border travel hinges on effective risk mitigation measures.⁵⁶ As countries cooperate to facilitate international trade and travel, harmonizing insurance standards has become increasingly instrumental in promoting economic growth and stability. In addition, the global perspective emphasizes the role of insurance in fostering a culture of responsibility among drivers

⁵⁰ Ibid

⁵¹ Markus, Maurer, J. Christian Gerdes, Barbara Lenz, and Hermann Winner. *Autonomous driving: technical, legal and social aspects*. Springer Nature, 2016.

⁵² Ibid

⁵³ Bamini, Gopinath, Jagnoor Jagnoor, Nieke Elbers, and Ian D. Cameron. "Overview of findings from a 2-year study of claimants who had sustained a mild or moderate injury in a road traffic crash: prospective study." *BMC research notes* 10 (2017): 1-7.

⁵⁴ Barry, Sheehan, Finbarr Murphy, Cian Ryan, Martin Mullins, and Hai Yue Liu. "Semi-autonomous vehicle motor insurance: A Bayesian Network risk transfer approach." *Transportation Research Part C: Emerging Technologies* 82 (2017): 124-137.

⁵⁵ Markus, Maurer, J. Christian Gerdes, Barbara Lenz, and Hermann Winner. *Autonomous driving: technical, legal and social aspects*. Springer Nature, 2016.

⁵⁶ Mikhail Gennadevich, Rusetskiy, Lyubov Vasilevna Agarkova, Lubov Konstantinovna Ulibina, O. A. Okorokova, and T. G. Aygumov. "The role of insurance in providing economic safety of business entities." *Espacios* 39, no. 27 (2018): 20.

and vehicle owners worldwide. By making coverage for third-party liabilities compulsory for all vehicle owners and users, the international legal framework encourages a shared commitment to mitigating the financial impact on accident victims.⁵⁷ Ideally, this not only safeguards the well-being of individuals but also contributes to the broader global goal of enhancing road safety and minimizing the social and economic consequences of road accidents. As such, it is safe to assert that the global perspective of motor vehicle third-party insurance indicates a comprehensive approach that transcends legalities, incorporating economic, social, and safety considerations to foster a harmonious and secure global road network.⁵⁸

Use of ICT to facilitate claims in Europe

In Europe, ICT in third-party insurance claims is highly advanced, with insurers leveraging artificial intelligence (AI), big data analytics, and telematics to improve accuracy and efficiency.⁵⁹ Telematics devices installed in vehicles record driving behavior and accident data, which can be transmitted instantly to insurers for rapid claims assessment.⁶⁰ Moreover, the EU has promoted cross-border digital harmonization under frameworks like the General Data Protection Regulation (GDPR), ensuring that digital claims processes protect consumer rights while encouraging technological innovation. Insurers in countries such as the United Kingdom, Germany, and France also use blockchain-based platforms to enhance transparency and minimize fraudulent claims.⁶¹ This digital transformation aligns with the EU's broader "Digital Single Market" agenda, emphasizing efficiency, consumer protection, and data-driven policymaking.⁶²

In conclusion, the European Union has established a comprehensive legal framework for motor vehicle third-party insurance, ensuring uniform coverage and compensation for accident victims across member states. The 2009 Motor Insurance Directive and its 2021 amendments address key issues such as cross-border claims, insurer insolvency, and minimum coverage

⁵⁷ Bamini, Gopinath, Jagnoor Jagnoor, Nieke Elbers, and Ian D. Cameron. "Overview of findings from a 2-year study of claimants who had sustained a mild or moderate injury in a road traffic crash: prospective study." *BMC research notes* 10 (2017): 1-7.

⁵⁸ Araz, Taeihagh, and Hazel Si Min Lim. "Governing autonomous vehicles: emerging responses for safety, liability, privacy, cybersecurity, and industry risks." *Transport reviews* 39, no. 1 (2019): 103-128.

⁵⁹ European Commission. *Shaping Europe's Digital Future*. Brussels: European Commission, 2018.

⁶⁰ Ibid

⁶¹ Goddard, Michelle. "The EU General Data Protection Regulation (GDPR): European regulation that has a global impact." *International Journal of Market Research* 59, no. 6 (2017): 703-705.

⁶² EIOPA. *Big Data Analytics in Motor Insurance: Thematic Review*. Frankfurt: European Insurance and Occupational Pensions Authority, 2020.

requirements. The Green Card system facilitates seamless vehicle movement without border insurance checks.⁶³ Globally, organizations like IAIS contribute to harmonizing insurance standards, reinforcing road safety, economic stability, and cross-border cooperation, highlighting the essential role of third-party motor insurance in a connected world.

2.5 Continental Perspective (Africa)

At the continental level, the African Union (AU) has developed several frameworks that explicitly or indirectly address third-party motor vehicle insurance as part of its extensive policy on road safety, transport, and social protection. The most significant legal instrument is the African Road Safety Charter,⁶⁴ adopted by the AU Assembly in Addis Ababa.⁶⁵ The Charter obliges State Parties to “implement third-party motor vehicle insurance law to ensure emergency medical services and rehabilitation of vehicle crash victims.” This provision links compensation mechanisms to post-crash care and underscores the AU’s recognition that effective liability and insurance regimes are essential for reducing the social and economic burden of road accidents. The Charter is anchored in the Constitutive Act of the AU,⁶⁶ which mandate cooperation in infrastructure, and the Treaty Establishing the African Economic Community,⁶⁷ especially Article 61, which emphasizes harmonization of transport and communication frameworks. Together, these instruments situate motor vehicle third party insurance within the AU’s broader mandate of integration,⁶⁸ safety, and development.⁶⁹

Goal and agendas, Beyond the Charter, broader AU policy documents such as Agenda 2063: “The Africa We Want” also contribute to shaping third-party insurance regimes by promoting safe, resilient, and integrated transport systems. Agenda 2063’s Second Ten-Year Implementation Plan (2024–2033) stresses the need for regulatory coherence in transport and alignment with the United Nations Sustainable Development Goal 3.6, which seeks to halve road traffic deaths and injuries by 2030.⁷⁰ Although Agenda 2063 does not prescribe technical rules on third-party insurance, it creates a normative and policy environment encouraging Member States

⁶³ Supra

⁶⁴ African Union. African Road Safety Charter. Addis Ababa: African Union, 2016.

⁶⁵ Article 17 The African Road safety Charter, 2016

⁶⁶ 2001

⁶⁷ Article 14 and 15 of the Constitutive Act of the African Union 200.

⁶⁸ African Union. Constitutive Act of the African Union. Lomé: African Union, 2000.

⁶⁹ Opcit

⁷⁰ African Union. Agenda 2063: Second Ten-Year Implementation Plan (2024–2033). Addis Ababa: African Union, 2024. United Nations General Assembly, *Transforming our world: the 2030 Agenda for Sustainable Development*, Resolution A/RES/70/1 (New York, NY: United Nations, 2015).

to establish comprehensive compensation and liability frameworks. In practice, implementation occurs through Regional Economic Communities (RECs) such as the East African Community (EAC), which are working towards harmonizing insurance regulation, premium tariffs, and claims standards.⁷¹ Thus, while no binding AU-wide statute standardizes third-party motor vehicle insurance, continental charters, treaties, and policies set a clear direction for Member States to strengthen national laws and align them with continental and global safety objectives.⁷²

The RECs, The continental landscape of motor vehicle third-party insurance in Africa indicates a nuanced interplay of regional Economic Cooperations (RECs) and diverse national regulatory frameworks. It can be noted that even though the Geneva and Vienna Conventions work as the foundational global framework, the continent continues to struggle with the complexities of harmonizing insurance practices across its 54 nations.⁷³ Nonetheless, a few regional economic communities, such as the Economic Community of West African States (ECOWAS), Southern African Development Community (SADC), and The Common Market for Eastern and Southern Africa Treaty 1993 (COMESA), have taken steps aimed at aligning insurance policies.

The overarching goal is to ensure member countries achieve standardized practices and improved cross-border recognition. In particular, COMESA introduced a yellow card for interstate motor third-party insurance for member states of COMESA to cater for third-party risks.⁷⁴ The card also operates in non-member states and caters to emergency medical expenses and any injuries on parties involved in an accident. However, there are still huge challenges, more so in reconciling the diverse legal systems, economic conditions, and levels of insurance market development prevalent among African countries and technical issues affecting the proper implementation of similar schemes.⁷⁵ The African Union, a regional body that has introduced a series of initiatives encouraging the adoption of common standards, highlights the quest for harmonization within

⁷¹ United Nations. *Transforming Our World: The 2030 Agenda for Sustainable Development*. New York: United Nations, 2015.

⁷² African Union. *Agenda 2063: The Africa We Want*. Addis Ababa: African Union, 2015.

⁷³ Mitchel, Chatukuta, Nora Groce, Jennifer S. Mindell, and Maria Kett. "Road traffic injuries in Namibia: health services, public health and the motor vehicle accident fund." *International journal of injury control and safety promotion* 28, no. 2 (2021): 167-178.

⁷⁴ Protocol on the Establishment of the Third-Party Motor Vehicle Insurance Scheme 1986.

⁷⁵ COMESA. "The Yellow Card Scheme Cards Workshop." UNECE. Accessed January 8, 2024. https://unece.org/sites/default/files/2022-10/ECE-TRANS-SC1-Presentation-2022-15e_0.pdf.

Africa's insurance landscape.⁷⁶ This reflects a broader commitment to creating a cohesive continental approach to motor vehicle insurance.

Equally, ECOWAS has a brown card scheme, a replica of the Yellow card scheme of COMESA.⁷⁷ All members' signatories to the protocol are mandated to implement the scheme, and insurance companies in member states are in a position to host the scheme for its proper implementation. The card has compulsory recognition, and countries must support the National Bureau and accord it assistance in implementing its activities.⁷⁸ The brown colored Card gives the driver complete assurance of a brief, fair, and quick remuneration for any mishap he might cause outside his common jurisdiction. The cardholder is dealt with precisely as though the fundamental insurance contract was endorsed by an organization situated in the nation visited or through which he travels. Since the Brown Card is recognized by public authorities in member states, the driver is excluded from formalities connecting with the assurance against civil liability risks.⁷⁹ However, like any other economic integration scheme, the scheme also faces challenges like delayed compensation, jurisdiction issues, and forgery.

Disparities among RECs, Even though concerted regional initiatives have been developed and some implemented, there is still a formidable challenge in achieving uniformity in motor vehicle third-party insurance regulations across the African continent.⁸⁰ The persistence of disparities is attributed to a series of problems, such as the diverse legal systems, levels of economic development, and varying degrees of maturity in the insurance markets prevalent among African nations. The COMESA Yellow Card Scheme, provides a harmonized, supranational framework through the Council of Bureaux for cross-border recognition of insurance.⁸¹ Similarly, ECOWAS operates the *Brown Card Scheme* under the Protocol A/P1/5/82.⁸² In contrast, the EAC

⁷⁶ Arno, Erasmus. "A Proposed Liability Regime for Autonomous Vehicles in Instances of Personal Liability and Death." *Pretoria Student L. Rev.* 16 (2022): 28.

⁷⁷ A/P1/5/82 Protocol on The Establishment of an ECOWAS Brown Card Relating to Motor Vehicle Third Party Liability Insurance

⁷⁸ Ibid Article 3.

⁷⁹ "Benefits." ECOWAS Brown Card Insurance. Accessed January 8, 2024
<https://www.browncard.org/Avantages.html>.

⁸⁰ Mitchel, Chatukuta, Nora Groce, Jennifer S. Mindell, and Maria Kett. "Road traffic injuries in Namibia: health services, public health and the motor vehicle accident fund." *International journal of injury control and safety promotion* 28, no. 2 (2021): 167-178.

⁸¹ Protocol on the Implementation of the Third-Party Motor Vehicle Insurance (1986) and Articles 3 -7 and 10 of the COMESA Treaty (1994).

⁸² Article 1 & 9 of A/P1/5/82 Protocol on the Establishment of an ECOWAS Brown Card Relating to Motor Vehicle Third Party Liability Insurance

under Articles 89–90 of the EAC Treaty⁸³ and SADC, guided by the Protocol on Transport, Communications and Meteorology⁸⁴, leave regulation to national laws. Hence, COMESA and ECOWAS exhibit regional harmonization and centralized enforcement, while the EAC and SADC rely on domestic regulation through national insurance authorities which contain different frameworks.

The differences in regulatory frameworks create stagnation, creating hurdles in the pursuit of standardized practices, delays in claims, and forgery.⁸⁵ Some African countries have demonstrated commendable progress by adopting and implementing comprehensive third-party insurance regulations. Ideally, this points towards a commitment to road safety and financial protection for accident victims. Nonetheless, there are still challenges, ranging from enforcement challenges to obstacles in implementing these regulations.⁸⁶

The African Union's proactive efforts to champion the adoption of best practices and common standards reflect a sustained commitment to fostering a more cohesive continental approach to motor vehicle insurance.⁸⁷ Through ongoing dialogue and collaboration, the African Union seeks to bridge these regulatory gaps, recognizing the importance of harmonizing insurance practices to enhance road safety, ensure fair compensation, and ultimately contribute to the socio-economic well-being of the continent. In navigating these complexities, the overarching aim is to create a unified front that prioritizes the shared goals of safety, accessibility, and effectiveness in motor vehicle insurance across diverse African nations.

One of the usually ignored but important aspects of this legal landscape is the fact that the socio-economic dynamics of Africa highly influence the continental perspective on motor vehicle third-party insurance.⁸⁸ Many African countries face high rates of road traffic accidents. Ideally, this emphasizes the critical need for accessible and affordable insurance coverage. The economic challenges and varying levels of development across the continent also highlight the importance

⁸³ 1999

⁸⁴ 1996

⁸⁵ Barry, Sheehan, Finbarr Murphy, Cian Ryan, Martin Mullins, and Hai Yue Liu. "Semi-autonomous vehicle motor insurance: A Bayesian Network risk transfer approach." *Transportation Research Part C: Emerging Technologies* 82 (2017): 124-137.

⁸⁶ Elton, Zingwevu, and Athenia Bongani Sibindi. "Is compulsory third-party motor insurance the panacea for the South African insurance industry." (2014).

⁸⁷ Ibid

⁸⁸ Elton, Zingwevu, and Athenia Bongani Sibindi. "Is compulsory third-party motor insurance the panacea for the South African insurance industry." (2014).

of balancing comprehensive insurance requirements and the financial capacities of citizens.⁸⁹ As road safety remains a significant concern, particularly in regions with inadequate infrastructure and road networks, insurance becomes pivotal in addressing the social and economic consequences of accidents. The continent's commitment to fostering a more secure road network is reflected in ongoing discussions about how to adapt insurance frameworks to suit the diverse needs of African nations. In navigating these complexities, regional cooperation emerges as a key factor.⁹⁰ This is because regional cooperation emphasizes all countries' shared responsibility to work collaboratively towards improving motor vehicle insurance practices, promoting road safety, and addressing the socio-economic challenges associated with accidents on the continent.⁹¹

The African Union (AU) on use of ICT in the claims process.

The AU has emphasized the role of digitalization in modernizing MTP insurance claims to support regional integration and road safety. Initiatives align with the African Continental Free Trade Area (AfCFTA) and Agenda 2063, which foster harmonized insurance standards and digital platforms to ease movement between nations.⁹² Regions, such as ECOWAS with its Brown Card Scheme, have begun deploying ICT tools for electronic verification of third-party insurance coverage, fighting fraud and enabling quicker claims coordination among member states.⁹³ Mobile-based claims reporting, centralized digital registers, and interoperable databases have further eased policy authentication and compensation processes, improving trust in cross-border insurance mechanisms.⁹⁴ While disparities in digital infrastructure, data protection laws, and adoption rates persist, the AU's broader policy framework underscores ICT as essential in ensuring accessible, efficient, and transparent third-party insurance claims across the continent, thereby strengthening financial protection and promoting safer mobility.

⁸⁹ Mikhail Gennadevich, Rusetskiy, Lyubov Vasilevna Agarkova, Lubov Konstantinovna Ulibina, O. A. Okorokova, and T. G. Aygumov. "The role of insurance in providing economic safety of business entities." *Espacios* 39, no. 27 (2018): 20.

⁹⁰ Arno, Erasmus. "A Proposed Liability Regime for Autonomous Vehicles in Instances of Personal Liability and Death." *Pretoria Student L. Rev.* 16 (2022): 28.

⁹¹ Guangnan, Zhang, Kelvin KW Yau, and Guanghan Chen. "Risk factors associated with traffic violations and accident severity in China." *Accident Analysis & Prevention* 59 (2013): 18-25.

⁹² Signe, Landry. *Realizing Africa's Potential: A Journey to Prosperity*. Rowman & Littlefield, 2024.

⁹³ Ibid

⁹⁴ Signe, Landry. *Realizing Africa's Potential: A Journey to Prosperity*. Rowman & Littlefield, 2024.

2.6 Regional Legal Framework of Third-party Insurance (East Africa)

The regional legal framework for motor vehicle third-party insurance in East Africa represents a collective commitment to fostering harmonization and cooperation among member states. Spearheaded by the East African Community (EAC), which includes the Democratic Republic of Congo, Burundi, Kenya, Rwanda, South Sudan, Tanzania, Somalia, and Uganda, the region has the COMESA yellow card to start with to enforce motor third-party policies.⁹⁵ This legislative effort aims to streamline the recognition of motor vehicle insurance coverage across borders within the block. Ideally, it is projected that such a move would help promote fluidity in cross-border travel and trade.

In this, East African States under COMESA enacted a shared legal framework aimed at alleviating the administrative complexities associated with varying insurance regulations.⁹⁶ Ultimately, this can help foster an environment conducive to regional integration and economic collaboration. The EAC's initiative is indicative of the recognition that a cohesive regional approach to motor vehicle insurance is integral in sustaining and enhancing the interconnection of East African nations in the context of their economic and social objectives.

Despite the commendable efforts of the East African Community (EAC) in formulating a regional legal framework for motor vehicle third-party insurance, there are persisting series of challenges when it comes to achieving uniform implementation across East Africa. Variations in legal and regulatory capacities among member states, combined with differences in economic development levels, contribute to the existing disparities in applying and enforcing the regional framework.⁹⁷ In this, some countries within the EAC, more so those newly integrated into the regional body, encounter obstacles in fully adopting and implementing the standardized regulations.

Ultimately, this leads to inconsistencies in enforcing third-party insurance provisions. Overcoming these challenges requires ongoing collaboration and a commitment to addressing the diverse regulatory landscapes within the region. The EAC's continuous efforts to engage in

⁹⁵ Kerisha, Bhoola, Takalani Madzhadzi, J. Narayan, S. Strydom, and H. Heerden. "Insurance regulation in Africa: impact on insurance and growth strategies." In *Actuarial Society of South Africa's, Cape Town International Convention Centre*, pp. 145-196. 2014.

⁹⁶ Festival, Godwin Boateng. "Why Africa cannot prosecute (or even educate) its way out of road accidents: insights from Ghana." *Humanities and Social Sciences Communications* 8, no. 1 (2021): 1-11.

⁹⁷ Adebisi, Adewole. "Logistics and supply chain infrastructure development in Africa." *Logistics and global value chains in Africa: the impact on trade and development* (2019): 17-43.

dialogues and establish collaborative mechanisms among member states emphasize the need for a shared commitment to overcoming barriers.⁹⁸ By fostering a cooperative approach and addressing the specific challenges faced by individual nations, the EAC endeavors to enhance the effectiveness of the regional legal framework for motor vehicle third-party insurance in East Africa.⁹⁹ Ultimately, this paves the way for more consistent and comprehensive implementation across the member states.

The role of EAISA, The regional legal framework for motor vehicle third-party insurance in East Africa also benefits from the active involvement of the East African Insurance Supervisors Association (EAISA). EAISA plays a huge role in promoting collaboration among regional insurance regulatory authorities. By facilitating harmonized supervisory practices, conducting capacity-building initiatives, and fostering information exchange among member states, the association contributes to effectively implementing the regional legal framework.¹⁰⁰ The association's emphasis on cooperative endeavors seeks to address the legislative aspects and the practical challenges associated with enforcing standardized third-party insurance practices across diverse East African nations.¹⁰¹ EAISA enhances the regulatory landscape through ongoing coordination, reinforcing the regional commitment to creating a more seamless and efficient motor vehicle insurance system. As East Africa navigates the complexities of harmonization, the collaborative efforts between the EAC and EAISA are symbolic of a comprehensive approach to address the regulatory, supervisory, and implementation aspects crucial for the success of the regional legal framework for motor vehicle third-party insurance in the East African context.¹⁰²

The role ICT in claims, In East Africa, ICT is pivotal in streamlining cross-border MTP insurance claims, particularly through the digitalization of the COMESA Yellow Card Scheme. Traditionally, motorists traveling across borders faced delays and disputes in verifying insurance

⁹⁸ Festival, Godwin Boateng. "Why Africa cannot prosecute (or even educate) its way out of road accidents: insights from Ghana." *Humanities and Social Sciences Communications* 8, no. 1 (2021): 1-11.

⁹⁹ Alex, Nduhura, Fred Alinda, Saturninus Kasozi Mulindwa, Paul Wanume, and John Paul Settumba. "Improving Road Safety: Extended Measures and Role of Private Toll Operators in Uganda." *Uganda Management institute* (2021): 79-96.

¹⁰⁰ Adebisi, Adewole. "Logistics and supply chain infrastructure development in Africa." *Logistics and global value chains in Africa: the impact on trade and development* (2019): 17-43.

¹⁰¹ Kerisha, Bhoola, Takalani Madzhadzi, J. Narayan, S. Strydom, and H. Heerden. "Insurance regulation in Africa: impact on insurance and growth strategies." In *Actuarial Society of South Africa's, Cape Town International Convention Centre*, pp. 145-196. 2014.

¹⁰² Festival, Godwin Boateng. "Why Africa cannot prosecute (or even educate) its way out of road accidents: insights from Ghana." *Humanities and Social Sciences Communications* 8, no. 1 (2021): 1-11.

coverage, however the introduction of centralized digital platforms, USSD verification, and electronic databases gives allowances for instant policy authentication across member states.¹⁰³ These innovations not only reduce fraud and counterfeit insurance stickers but also improve the coordination of claims by enabling insurers to share information in real time, thereby fostering quicker settlement and better liability allocation.¹⁰⁴ In addition, ICT enhances regional interoperability by ensuring that accident victims in one country can access compensation from insurers in another with less bureaucratic delays.¹⁰⁵ Despite existing challenges like varying technological infrastructure and uneven national legal frameworks, the adoption of ICT in East Africa exhibits a progressive step toward harmonized, efficient, and transparent cross-border claims administration.

2.7 International Legal Framework in Comparison with the East African Region

The intersection between the international legal framework for motor vehicle third-party insurance and domestic law is evident and indicative of the country's commitment to incorporate global standards into its regulatory landscape. As signatories to various international conventions, countries have integrated the principles outlined in these international agreements into national policies.¹⁰⁶ For instance, Uganda, Kenya, and Tanzania emphasize compulsory third-party insurance, which is aimed at providing financial protection for victims of road accidents, which is also the case in the Eurozone. Moreover, cross-border third-party insurance is catered for in the EAC courtesy of the ECOWAS card.

This alignment not only indicates East Africa's dedication to international norms but also facilitates cross-border cooperation within the region. Over the years, incorporating these global standards into Uganda's domestic legal framework has helped establish a foundation for harmonized insurance practices, contributing to regional consistency and facilitating cross-border

¹⁰³ COMESA. *The Yellow Card Scheme Cards Workshop*. UNECE, 2022. https://unece.org/sites/default/files/2022-10/ECE-TRANS-SC1-Presentation-2022-15e_0.pdf.

¹⁰⁴ Insurance Regulatory Authority of Uganda. *Status of Motor Vehicle Insurance in Uganda*. Kampala: IRA, 2020. [https://ira.go.ug/cp/uploads/STATUS%20OF%20MOTOR%20VEHICLE%20INSURANCE%20IN%20UGANDA%20\(1\).pdf](https://ira.go.ug/cp/uploads/STATUS%20OF%20MOTOR%20VEHICLE%20INSURANCE%20IN%20UGANDA%20(1).pdf).

¹⁰⁵ Gönülal, Serap. *Motor Third-Party Liability Insurance*. World Bank Primer Series on Insurance 16. Washington, DC: World Bank, 2010.

¹⁰⁶ Barry, Sheehan, Finbarr Murphy, Cian Ryan, Martin Mullins, and Hai Yue Liu. "Semi-autonomous vehicle motor insurance: A Bayesian Network risk transfer approach." *Transportation Research Part C: Emerging Technologies* 82 (2017): 124-137.

mobility.¹⁰⁷ Despite this alignment, persistent challenges exist in translating these international principles into effective domestic enforcement. This points towards the need for concerted efforts to bridge gaps and ensure the comprehensive implementation of third-party insurance requirements at the national level.

As countries navigate the complexities of harmonizing global principles with domestic realities, a holistic strategy involving regulatory bodies, law enforcement agencies, and public awareness campaigns becomes paramount.¹⁰⁸ The ongoing commitment to regional harmonization within the East African Community and domestic legislative adaptability positions Uganda to play a pivotal role in the evolving landscape of motor vehicle third-party insurance, contributing to regional cohesion and enhanced road safety and financial protection for its citizens.¹⁰⁹

Conclusion

In conclusion, examining the international motor vehicle third-party insurance landscape reveals a dynamic interplay between global and regional realities. Nations' commitment to international conventions such as The Hague Convention and Directive (EU) 2021/2118 underscores their participation in a wider framework that encourages regional harmonization and cross-border cooperation. Most countries have made third-party insurance for motor vehicles mandatory on national level. In addition, continents like North America and Europe have an edge in managing Motor third party. The international legal framework is clear. However, challenges persist in translating these regional principles into effective domestic enforcement, necessitating adaptive approaches to address specific regulatory, economic, and awareness of the dynamics within the nations.

Collaboration between regulatory bodies, law enforcement agencies, and public awareness initiatives is crucial in bridging these gaps and fostering a responsible motor vehicle ownership culture. The country's dual commitment to global standards and national considerations positions it as a key player in shaping the evolving landscape of motor vehicle third-party insurance in East

¹⁰⁷ Alex, Nduhura, Fred Alinda, Saturninus Kasozi Mulindwa, Paul Wanume, and John Paul Settumba. "Improving Road Safety: Extended Measures and Role of Private Toll Operators in Uganda." *Uganda Management institute* (2021): 79-96.

¹⁰⁸ Alex, Nduhura, Fred Alinda, Saturninus Kasozi Mulindwa, Paul Wanume, and John Paul Settumba. "Improving Road Safety: Extended Measures and Role of Private Toll Operators in Uganda." *Uganda Management institute* (2021): 79-96.

¹⁰⁹ Juliet, Namukasa, Johnson Ssekakubo, and Bonny Bagenda. "Assessment of the Level of Awareness and Perception of Motor Third Party Insurance in Kampala, Uganda." *The Journal of Risk Management and Insurance* 21, no. 1 (2017): 22-40.

Africa, contributing to regional cohesion and enhancing road safety and financial protection for its citizens. The yellow card under COMESA is sold in East African countries which manifests applicability. As nations in developing countries continue to navigate this complex terrain, harmonizing global principles and full digitalization of claims with domestic realities remains integral to achieving a robust and effective motor vehicle insurance system.

CHAPTER THREE

3.0 Legal and policy framework of Motor Vehicle insurance (Third Party Risks) in Uganda

3.1 Introduction

Insurance involves exchanging risk for a premium, which the insurance company guarantees through an agreement. As a result, it protects the insured against loss when the risk insured occurs. The insured is assured of payment of a predefined amount of cash upon the occurrence of the risk insured.¹ The most significant measure of remuneration or nature of advantage fluctuates, depending upon the nature of protection.² Protection under insurance exists under first-party and third-party insurance; the earlier safeguards one's life, house, processing plants, or vehicle, while the last option is a cover against possible risk and cover another person in case of harm. Different classifications depend on protection, such as motor third-party insurance. The MTP contract covers injury to a person and death.

Additionally, in some jurisdictions, it can extend to the loss of items lost by third parties and properties that may be in the vehicle at the time of the accident.³ The extent of the insurance contract decides the proportion of compensation in any motor accident. Be that as it may, drivers' vulnerability to the degree of the cover against third-party cases questions the legitimacy of most agreements among insurance providers and drivers. An insurance contract that essentially covers the passing of substantial injury to someone else is necessary for all drivers except for government-owned vehicles.⁴ The punishment for using motor vehicles without an insurance contract is consistent with the existing law for all drivers.⁵

Be that as it may, if the drivers had confidence in insurance premium by some stroke of good luck, subscription to insurance would be wilful. Also, the contention in the quantum of fines under the different administrative structures leaves helpless before regulation implementers (police).

¹ "What Is Motor Third-Party Insurance in Simple Terms and Who Benefits from This Motor Insurance Cover?" *The Insurance Regulatory Authority of Uganda*. Last modified September 21, 2021. https://ira.go.ug/helpie_faq/what-is-motor-third-party-insurance-in-simple-terms-and-who-benefits-from-this-motor-insurance-cover/.

² Kinobe, Ahmed. "Insurance claims in Uganda: A Critical Analysis of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193." *JL Pol'y & Globalization* 110 (2021): 34.

³ Op cit

⁴ Kinobe, Ahmed. "Insurance claims in Uganda: A Critical Analysis of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193." *JL Pol'y & Globalization* 110 (2021): 34.

⁵ Ibid

Ordinarily, a compensation claim is either against the proprietor, the driver, or the Nominal Defendants Council for uninsured vehicles, but a claim may not be made against the insurance company. In any case, the exception of the doctrine of privity comes into play, making it possible for the victim to claim compensation from the insurance company.⁶ It creates a vast ground for making claims by any party affected by the insured vehicle. A person may not be a party to a contract but gain from it if any benefit is guaranteed.⁷ This chapter presents the history of MTP in Uganda, its legal framework and the operation of MTP in Uganda.

3.2 History of Motor Third Party in Uganda

In 1886, the first vehicle was invented, and it was discovered the operation of the machine could run out of control from the person operating it. To put it right, the potency of the machine to cause danger to human life was high, hence, the vehicle was recognized as a lethal machine. It was conceived by persons to curb the lethality of the machine by introducing motor vehicle insurance, which gave birth to motor vehicle insurance.⁸ In most countries, persons must get motor vehicle insurance as a social policy for the protection of third parties (road users) when an accident happens, which connotes compensation for injury or damage sustained by the occurrence of an accident. Different jurisdictions confer different terms to the insurance policy. Still, it serves the same purpose of saving road users from injuries and can be referred to as auto, vehicle, motor, and other types of car insurance. Uganda MTP is a basic form of motor vehicle insurance.

MTP operations in Uganda started in 1989 when the Ugandan Parliament enacted the Motor Vehicle Insurance (Third Party Risks) Act Cap 214 which has changed to Cap 193 as of 2024 by the Law Review commission.⁹ The Legislation which protects third-party victims of injury and damage from Motor vehicle accidents first appeared in the Traffic and Road Safety Act, Cap 193 1970. However, the law was criminal and did not provide any insurance. In 1964 there was the establishment of the National Insurance Corporation to provide insurance products to nationals.¹⁰ However, it had a shortfall since there was no clear regulatory framework for Third-party

⁶ Kinobe, Ahmed. "Insurance claims in Uganda: A Critical Analysis of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193." *JL Pol'y & Globalization* 110 (2021): 34.

⁷ Section 65 Contract Act Cap 284

⁸ Kitunzi, H, Helen, M, & Consolate, G. (2016). Influence of awareness on the usage of motor third party insurance: a case study of Kampala district. *African health sciences*, 16(4), 1169-1173.

⁹ Laws of Uganda The 7th Revised Edition

¹⁰ National Insurance Corporation Act 1964 Cap 314

Insurance. Nevertheless, in 1989, a new legal regime ushered in Motor Vehicle Insurance (Third Party Risks) Act, providing compulsory compensation due to risks to third parties caused by vehicles. The legal regime created the Nominal Defendant Council to compensate victims of unidentified cars and government vehicles. The Minister of Finance then passed the Motor Vehicle Insurance (Third Party Risks) Regulations 1991 (Statutory Instrument 36 of 1991), requiring insurers, among others, to file monthly for third-party returns insurance since the regulation prefixed rates and liabilities payments.¹¹

The Act bids for mandatory insurance against third-party risks for vehicles on public roads. It renders it illegal to use a car without a third-party insurance policy, considering the exemption of public vehicles. The law's prime social purpose is to protect third parties from bodily harm and economic loss, covering the property and safety of the life of the third party.¹² So, Motor Third Party assures that third-party health is covered in this, providing economic support and treatment.

3.3 Principles of Insurance

Insurance originated in ancient civilizations where merchants in China and Babylon practiced risk-sharing to protect against risk. Roman and medieval guilds provided mutual aid, laying foundations for modern insurance.¹³ The 17th century ushered its formalization in Europe, especially through Lloyd's of London, which organized maritime underwriting. The Great Fire of London (1666) spurred fire insurance, while actuarial science and life insurance emerged in the 18th century.¹⁴ By the 19th and 20th centuries, insurance became central to international commerce, based on legal doctrines such as indemnity, utmost good faith, and insurable interest, later embedded in national regulations.¹⁵ In Uganda, insurance began during the age of colonial rule under Britain and evolved post-independence with the establishment of the IRA in 1997 under the Insurance Statute of 1996. The Insurance Act, 191 repealed earlier laws and modernized the regulatory framework governing licensing, solvency, and consumer protection.¹⁶ Key insurance

¹¹Section 43 Motor Vehicle Insurance (Third Party Risks) Cap 87

¹² Kitunzi, H, Helen, M, & Consolate, G. (2016). Influence of awareness on the usage of motor third party insurance: a case study of Kampala district. *African health sciences*, 16(4), 1169-1173.

¹³ Encyclopedia Britannica, s.v. "Insurance," last modified n.d.

<https://www.britannica.com/money/insurance/Historical-development-of-insurance>

¹⁴ Opcit

¹⁵ Opcit

¹⁶ Insurance Regulatory Authority of Uganda, *Facts and Figures on Insurance in Uganda* (PDF), accessed October 6, 2025, <https://www.ira.go.ug/cp/uploads/IRA%20FACTS%20Final.pdf>.

principles *utmost good faith, subrogation, contribution, insurable interest, indemnity, and proximate cause* govern insurer and insured obligations. Together, these ensure fairness, prevent fraud, and define liability in risk transfer.

Insurable interest.

Insurable interest is a fundamental concept in insurance that refers to the pecuniary interest an individual has in the continued existence, preservation, or safety of the subject matter of an insurance policy. In other words, for an insurance contract to be valid and enforceable, the policyholder must have a genuine financial stake in the insured item or person. Insurable interest means having rights in a property.¹⁷ This is the foundation for one to gain from an insurance policy if the risk occurs. This is the essential requirement of a contract of insurance, which requires the policyholder or the insured to have a relationship with the subject matter of insurance. The requirement of insurable interest provides that, one must have legal or equitable interest to gain from an insurance policy.¹⁸ Actually, a person must be in a position to suffer loss in a property if they have to have an insurable interest in a subject matter. Lastly, this brings us to insurable value; insurable value is the measure of the insured's interest in the subject of insurance; it's measured against the insurable interest, and the sum insured is the insurable value, which is covered by insurance.

Indemnity

The principle of indemnity is a fundamental concept in insurance that forms the basis of most insurance contracts, particularly property and casualty insurance. It is one of the core principles that insurance companies follow to ensure that insurance provides compensation and financial recovery rather than profit from a loss.¹⁹ The principle of indemnity in insurance entails reimbursement for actual loss, no cases of overcompensation being entertained, and restoration having to be to the tune of the pre-loss condition.²⁰ Lastly, consideration is made about depreciation, and a choice can exist between the insured and the insurer regarding the fee to be paid in case the risk occurs.

¹⁷ *Macaura v Northern Assurance Co Ltd [1925] AC 619.*

¹⁸ *Macaura v Northern Assurance Co Ltd [1925] AC 619.*

¹⁹ Kinobe, A. (2021). Insurance claims in Uganda: A Critical Analysis of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193. *JL Pol'y & Globalization*, 110, 34.

²⁰ *Suffish International Food Processors (U) Ltd.; vs Egypt Air Corp. T/A Egypt air Uganda SCCA no. 15 of 2001*

Subrogation

It means the right of an Insurer who has compensated an insured to step into the Insured's shoes and recover compensation from a third party responsible for the loss.²¹ Whenever an Insured receives full indemnity in respect of the loss, all rights and remedies that the Insured has against third parties must be exercised for the benefit of the insurer until the Insurer recoups the amount paid under the policy.²² The Insurer steps into the shoes of the Insured when the Insurer has paid the amount of the policy to the Insured or the Insurer is entitled to every right of the Insured.

Utmost Good Faith

Contracts of insurance are generally based on the foundation of utmost good faith, and they are “*contracts uberrimae fidei*” (of the fullest confidence).²³ In a contract of insurance, the prospective Insured knows more about the subject matter of the agreement than the insurer. As such, the prospective Insured is under the duty to disclose accurately all material facts, and no such fact should be withheld or concealed.²⁴ Where the prospective Insured does not completely disclose everything that was material for the insurer to know in order to judge firstly, Whether or not to accept the risk and, secondly, what premium to charge, the insurer can avoid the contract.

Non-disclosure amounts to misrepresentation and renders the contract voidable.²⁵ If the assured knows a fact that the insurer cannot ordinarily know, then he should not suppress the truth.²⁶ Otherwise, silence amounts to passive misrepresentation, technically referred to as “*suppressio veri.*” Neither should the assured make a false statement. If the assured makes a false statement, he would be guilty of active misrepresentation, technically referred to as “*suggestio falsi.*”

Causa proxima:

The Insured may only recover for loss sustained if any of the perils insured against proximately causes the loss.²⁷ This is called the rule of *causa proxima*. The rule is that *causa proxima non remota spectator*, literally translated as the proximate or immediate and not the remote cause, is to

²¹ Section 79(1) Marine Insurance Act Cap 192

²² *Suffish International Food Processors (U) Ltd & Anor –Vs- Egypt Air Corporation (1997-2001) UCLR 55.*

²³ *S.K. Exports (P) Ltd. V. New India Assurance Co. Ltd III (2004) CPJ74 (NC).*

²⁴ *Associated Oil Carrier Ltd V. Union Insurance Society of Canton ltd. (1917) 2 K.B. 184.*

²⁵ Section 16(5) Contract Act 284

²⁶ Section 55 of the Marine Insurance Act Cap 192.

²⁷ *S.K. Exports (P) Ltd. vs New India Assurance Co. Ltd III (2004) CPJ74 (NC).*

be observed before compensation. If the proximate cause is a peril insured against, the insured can recover the loss from the Insurer.²⁸ The question as to which is the *causa proxima* of a loss arises only when there is a succession of causes. In insurance law, the nearest cause is considered even though the loss would not have occurred without the remote cause.²⁹ Note that a cause that is “proximate” does not refer to one which is “nearest in time” but that which is “proximate in efficiency” (which effectively brings about the occurrence of the loss).

Thus, the above mentioned principles govern the operation of the insurance process from creation of the policy to the time of settlement.

3.4 Legal Framework of Motor Third-Party Insurance in Uganda

It is not legitimate for any individual to utilize, or to cause or to allow some other individual to use, a vehicle on the street except if there is in force corresponding to the utilization of the car by that individual or that other individual by and large, a form of legal of protection in regard of third-party risk which conforms to the requirements of the Motor Vehicle Insurance (Third Party Risks).³⁰ There is an exemption for state-owned vehicles in Uganda from this type of insurance. By necessary legal implication, the exemption of government vehicles from this type of insurance was held constitutional by the Constitutional Court of Uganda.³¹

Even more, employees affected by vehicles owned by the employer during employment are exempted from compensation relating to Motor Third Party under the present legal regime in Uganda.³² The effect of failure to obtain a policy under MTP creates liability in form of a fine or imprisonment.³³ Lastly, compensation for any insurance claim necessitates the policyholder has a valid insurance contract with the provider.³⁴ Thus, all vehicles must subscribe to third-party insurance except for Government vehicles.

²⁸ Section 2 Motor Vehicle Insurance (Third Party Risks) Act Cap 193

²⁹ *S.K. Exports (P) Ltd. vs New India Assurance Co. Ltd III (2004) CPJ74 (NC).*

¹⁰⁷ *Muslim Centre for Justice and Law Vs Attorney General Constitutional Petition No 48 of 2017*

³¹ *Muslim Centre for Justice and Law Vs Attorney General Constitutional Petition No 48 of 2017*

³² Section (3) (b) Motor Vehicle Insurance (Third Party Risks) Act Cap 193

³³ Section 2(3) Motor Vehicle Insurance (Third Party Risks) Act Cap 193 and Section 3(1) (d) Traffic Control and Road Safety Act Cap 361(As Amended),

³⁴ *Aqua Plumbing (U) Ltd vs. United Assurance Co. Ltd [2004] UGCOMMC*

3.4.1 Payments and Compensation

Under Section 41(2) (b),³⁵ the Minister has regulatory power to prescribe the minimum premium for any insurance policy in consultation with the Uganda Insurers Association. In line with the same, the maximum compensation an insurer can give the insured in case the risk occurs is shs.1,000,000/= per individual per accident, and the most significant total liability per accident is shs.10,000,000/=.³⁶ Likewise, under Section 34,³⁷ the council's liability is restricted to shs.150,000/=, including costs associated with the judgment or a sum higher recommended by the Minister in the Regulations.³⁸ The Statutory protection covers substantial injury as well as death up to shs.1,000,000/= per individual and shs.10,000,000/= in an accident affecting many individuals.³⁹ Comprehensive insurance covers third-party liabilities and any damage to the insured's vehicle.

Furthermore, payments for third-party related injuries under motor comprehensive insurance are more flexible, paying Ushs. 5,000,000/= or more, though a total payment involving many individuals is Ushs. 50,000,000/=. Comprehensive insurance is different from third-party insurance. Cases of misrepresentation and nondisclosure are few in creating a third-party policy, but many cases exist where motor comprehensive insurance policies fail because of silence or nondisclosure.⁴⁰

3.4.2 Avoidance of Policy and False Statements

Any individual who, for the reasons of getting a policy for protection as expected under the law as provided for under *Section 2*,⁴¹ any person who offers any misleading statement, misrepresentation, or conceals a matter that compromises the insurer in assessing the premium for the risk insured commits an offense and is obligated on conviction to a fine or imprisonment or both.⁴² A claim under an insurance policy will fail if it is discovered that false information was volunteered by the insured as held in *Nakisenyi & Anor v Insurance Company of East Africa (U)*

³⁵ Motor Vehicle Insurance (Third Party Risks) Act Cap 193

³⁶ Regulation 4 of the Motor Vehicle Insurance (Third Party Risks) Regulations Statutory Instrument 193-1

³⁷ Motor Vehicle Insurance (Third Party Risks) Act Cap 193

³⁸ Motor Vehicle Insurance (Third Party Risks) Act Cap 193

³⁹ "Motor Third Party Insurance Policies: What They Cover, Cost." Monitor. Last modified September 18, 2019. <https://www.monitor.co.ug/uganda/business/auto/motor-third-party-insurance-policies-what-they-cover-cost-1848504>.

⁴⁰ *National Insurance Corporation Ltd vs. Kakugu [2016] UGHCCD 136*,

⁴¹ Motor Vehicle Insurance (Third Party Risks) Act Cap 193

⁴² Section 4 Motor Vehicle Insurance (Third Party Risks) Act Cap 193

*Ltd.*⁴³ Contracts of insurance being contracts of utmost good faith. Any false information or concealment may render the contract voidable as a consequence. In a nutshell, avoidance of MTP and providing false information to the insurer is criminal and renders compensation impossible.

3.4.3 Claims processing

A claim under insurance is an official request made by a policyholder to an insurance provider for compensation when risk occurs.⁴⁴ The claim process begins immediately at the time when the accident occurs and it is prudent for the affected person to report the accident to police and where possible the police can visit the accident scene.⁴⁵ The claims process is commenced by reporting the accident since parties in the accident play different roles in third party insurance.⁴⁶ So, notice is given to the insurer by filling an accident report by the insured. The notice contains details like the facts of the accident, accident particulars like nature, circumstances, and accident date, and any other relevant information. If all claims requirements are fulfilled, a discharge form is extracted, and settlement of the insurance claim is paid

The documents annexed to the claim form include, firstly, the claimant's identification. Secondly, the police report relating to the accident which provides particulars of the car involved, owners, drivers, victims, insurers, the party to blame, the extent of the injury, and any other relevant information.⁴⁷ Thirdly, a medical report under police form three issued by the police after a medical examination is attached. A report from the medical officer shows the extent of the incapacitation. However, in circumstances when the victim dies. The legal representative, upon providing the deceased's identification, post-mortem report, police report, introductory letter for the Local Council of the deceased's area of residence, and letters of administration, can be compensated. Notably, a claim can be made against the insurer, driver, owner, and Nominal Defendants Council for any cases relating to uninsured vehicles, but the council is not operational.⁴⁸

⁴³ (Civil Suit No. 652 of 2013) [2016] UG Comm 38 (16 March 2016)

⁴⁴ IRA. A Guide Insurance claims. 2021 <https://ira.go.ug/download/a-guide-to-insurance-claims/>

⁴⁵ Ibid

⁴⁶ Section 9 Motor Vehicle Insurance (Third Party Risks) Act Cap 193

⁴⁷ "Motor Third Party Insurance | *Somesa*." *Somesa.ug*. Accessed October 3, 2023.

<https://www.somesa.ug/open/modules/lesson/zm785gljg2/Sales/Motor-Third-Party-Insurance#:~:text=clearly%20visible%20position.->

,The%20claim%20process%20for%20Motor%20Third%20Party%20Insurance.police%20visit%20the%20accident%20scene.

⁴⁸ Section 39 Motor Vehicle Insurance (Third Party Risks) Act Cap 193

Nature of claims, a claim can relate to death, bodily injury, and damage to property but not mental anguish. Besides, a death claim, bodily injury, and loss of property may be made against the Nominal Defendant's Council as a guarantor of uninsured vehicles but the council is not operational.⁴⁹ Bodily injury and death are covered at a minimum under MTP to comply with the legal policy requirement under third-party insurance. As a result, there exists a limitation on how much can be derived from the risk insured under this form of insurance.⁵⁰ Lastly, a claim can be made on behalf of the victim, and the maximum pay-out per person is Uganda Shillings 1,000,000 and Uganda Shillings 10,000,000 in aggregate for a period of insurance. Conclusively, third-party insurance may not cover exorbitant medical expenses when a risk occurs.

Under the law, a provider of MTP insurance must furnish monthly returns of its operations about third-party insurance within fourteen days from when the month ends using the insurer's return form in the schedule.⁵¹ In addition, the insurer is given sixty days to settle claims in relation to third parties, and when a dispute is resolved in court, the insurer must settle the claim within 30 days after becoming a judgment debtor.⁵² Premiums provided for under the principle legislation are paid according to the regulations, which also provides for the ceiling of the possible pay-out when the risk occurs.⁵³ Conclusively, insurers must file returns being mindful of the timelines for the settlement of claims while focusing on the premiums payable.

3.4.4 The Complaints Bureau and disputes

The Insurance Regulatory Authority (IRA) is responsible for safeguarding the rights of insurance policy holders and insurance beneficiaries to any contract and providing a bureau to which the members of the public may submit complaints. The Bureau is comprised of the chairperson, deputy chairperson, secretary and any other individual that is designated. Presently, the Bureau is composed of members from the Supervision and Legal Departments.⁵⁴ The main mandate of the

⁴⁹ "Motor Third Party Insurance | Somesa." Somesa.ug. Accessed October 3, 2023. <https://www.somesa.ug/open/modules/lesson/zm785gljg2/Sales/Motor-Third-Party-Insurance#:~:text=clearly%20visible%20position,-,The%20claim%20process%20for%20Motor%20Third%20Party%20Insurance,police%20visit%20the%20accident%20scene.>

⁵⁰ Ibid

⁵¹ Regulation 2 The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

⁵² Regulation 3 The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

⁵³ Regulation 4 The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

⁵⁴ The Insurance Complaints Bureau Guidelines, 2017.

Bureau is to give confidence in the Insurance system, settle disputes and protect policy holders.⁵⁵ The Insurance Act, Cap 191 gives the mandate to the IRA to receive and resolve insurance complaints and to get feedback or complaints from the public on the conduct of insurance companies with a license and resolve the matter by arbitration and restore the complainant's indemnity where the case is made against the insurance company.⁵⁶ The above mandate is the cause why the Complaints Bureau was created in 1998. One of the major objectives is found in Section 11 (1) (c),⁵⁷ is to protect the policy holder' interests as well as prospective policyholders. Third parties are among the people allowed to make complains to the bureau in case of failure of compensation. The bureau was set up to streamline the insurance system by helping people get redress.

3.4.5 The Nominal Defendants Council and its Suspension

Section 15⁵⁸ establishes the Nominal Defendant Council, which consists of the government and all insurance companies operating in Uganda under the Insurance Act of Uganda.⁵⁹ As the Act states, the council is a corporate body with the capacity to sue and be sued with a common seal with perpetual succession.⁶⁰ The main duty of the council is to cover the financial liability incurred for death or injury to victims where the vehicle owner is unknown or the vehicle is uninsured. The council's mandate is to ensure payment of government subscriptions and keep a register, record, and directory of insurance companies engaging in the business as listed in Section 15 of the Act.⁶¹ However, Part II of the Act that provides for the council is suspended by Section 42 of the Act, which leaves a lot to be desired when it comes to accident victims of Government and unidentified vehicles. This is a loophole in the third-party insurance system since the government and uninsured vehicles keep on having accidents on the road but have no direct channel for compensation for the victims. This poses a challenge to claims and settlements.

The Muslim Centre for Justice and Law case *and Nakasi Daina v. Attorney General*⁶² challenged several provisions of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193 and its

⁵⁵ Section 15 (2) (e), (f) and (h) of the Insurance Act Cap 191

⁵⁶ Section 12(1) (j) and (k) of the Insurance Act Cap 191

⁵⁷ Insurance Act Cap 191

⁵⁸ The Motor Vehicle Insurance (Third Party Risks) Act, Cap.193

⁵⁹ Cap 191

⁶⁰ Section 15(2) The Motor Vehicle Insurance (Third Party Risks) Act, Cap.193

⁶¹ Section 17 The Motor Vehicle Insurance (Third Party Risks) Act, Cap. 193

⁶² Constitutional Petition No 48/2017

regulations, arguing that they violate constitutional rights, including access to justice and non-discrimination. The petitioners argued that section 2(2) of the Act, which exempts government vehicles from mandatory third-party insurance, was discriminatory. Secondly, section 42, which suspended the Nominal Defendant Council, denied compensation to victims of uninsured or unidentified vehicles. Thirdly, Section 34, which capped compensation for victims, violated the right to an adequate remedy. Lastly, regulation 4, which sets a maximum rather than a minimum liability for insurers, limits compensation unfairly.⁶³

The respondent opposed the petition, arguing that the law was unconstitutional and that government vehicles were exempted because the state had the financial capacity to compensate victims directly. Additionally, the suspension of the Nominal Defendant Council was justified due to operational challenges, and the insurance cap was intended to keep premiums affordable.

The Constitutional Court dismissed the petition, ruling that Government vehicle exemption did not violate equality because the state remained liable for compensating victims. Suspension of the Nominal Defendant Council did not prevent victims from seeking alternative legal remedies. Lastly, Compensation limits did not violate constitutional rights since victims could sue for full damages. The court found no constitutional violations and ruled against the petitioners. However, it did not award costs, recognizing the case's public interest.

3.4.6 The Insurance Regulatory Authority

The Insurance Regulatory Authority of Uganda (IRA) is the governing body responsible for overseeing and developing the insurance industry in Uganda. Its primary roles include the regulation and supervision of insurance companies, brokers, and agents, ensuring they work within the legal framework set by the Insurance Act.⁶⁴ The IRA plays a critical role in consumer protection by defending the interests and rights of policyholders, handling complaints, and promoting transparency in the insurance business.⁶⁵ Furthermore, the IRA focuses on market development by encouraging the growth and innovation of insurance products and improving insurance penetration within the country. It instructs the government on insurance policies and

⁶³ The Motor Vehicle Insurance (Third Party Risks) Regulations.

⁶⁴ Section 10 The Insurance Act Cap 191

⁶⁵ IRA, Insurance Regulatory. *Insurance Regulatory Authority*. 2022.

assists in developing regulations that ensure a steady and sustainable insurance industry.⁶⁶ The IRA also provides an interface with MTP. It recognizes that few complaints have been brought concerning MTP but acknowledges that awareness about MTP is lacking and that questions exist in relation to insurance companies fulfilling claims.

The IRA also stresses risk management by mitigating and assessing risks within the insurance industry, ensuring that insurance corporations maintain adequate reserve capital. It engages in public education through different media to raise awareness about the benefits of insurance and inform the public about their rights and obligations.⁶⁷ Furthermore, the IRA enforces regulations and resolves disputes between insurance providers and clients, taking corrective actions when necessary. The authority also collects and analyzes data on the insurance sector, publishing reports that inform policy decisions and monitor industry performance.⁶⁸ Lastly, through these roles, the IRA ensures that Uganda's insurance industry operates transparently, fairly, and in a manner that meets the needs of the population.

3.4.7 Uganda Insurers Association

The Uganda Insurers Association (UIA) is the umbrella organization for insurance companies in Uganda. It advocates for the industry's interests, working closely with the government, regulators, and other stakeholders to influence policies and regulations that impact the sector.⁶⁹ The UIA also plays a significant role in enhancing the skills and knowledge of insurance professionals through training and capacity-building initiatives.⁷⁰ Additionally, the UIA actively promotes public awareness of insurance by conducting outreach programs and campaigns to educate people about the benefits and availability of insurance products. It also sets industrial standards, encouraging best practices and ethical conduct among its members to ensure a professional and trustworthy insurance industry.

The Association was formed in 1965 by insurance companies in the Country, and most of the companies subscribe to the association.⁷¹ The main objective of the association is to advance the

⁶⁶ IRA, Insurance Regulatory. *Insurance Regulatory Authority*. 2022.

⁶⁷ IRA, Insurance Regulatory. *Insurance Regulatory Authority*. 2022.

⁶⁸ Ibid

⁶⁹ Uganda Insurers Association. (2023). *Insurers Renewed Commitment to Settle Motor Third Party Insurance Claims*. UIA.

⁷⁰ Ibid

⁷¹ Ibid

interests of reinsurance and insurance, foster the exchange of business and cooperation, and devise means to build capacity among the members. Building capacity is done by carrying out research, influencing the enactment of insurance-related legislation, and presenting the views of members to different stakeholders. The association enjoys a subscription of 37 members, and 20 of the companies provide non-life insurance, which encompasses third-party insurance.⁷²

The UIA does not have a significant role in MTP's claims process. However, the mandate of the UIA is to represent its members before different stakeholders, like the Government. Another role is to promote better insurance legislation and engage other stakeholders. So, the UIA, about insurance claims or settlements, reinforces where the need may be.

The core values of the association include innovation, integrity, impact, partnership, and collaboration, the core values of the association can be used as a benchmark for member companies to exercise their mandate.

Members review of commitment, in 2019, the association made its members review their commitment to the general population relating to MTP claims as a result of feedback from the public that the MTP policy was not beneficial.⁷³ The commitment resulted in developing partnerships with different stakeholders, mainly hospitals and NGOs, to make the claims easy. Some of the hospitals in the partnership are Kawolo, Kiruddu, Naguru, Mulago and Nkozi Hospital. The NGOs were added to gear up the sensitization drive and help in the rehabilitation of accident victims. Social protection is the primary aim of the commitment under the Uganda Insurers Association. The aim is to reduce vulnerability because of motor vehicle accidents.⁷⁴ The Vulnerabilities include the physical, mental, and financial standing of victims after the accident.

The association uses three approaches to enforce the claims of victims. First, the hospital approach; second, the “I know my rights approach; and lastly, the police approach.”

⁷² Ibid

⁷³ Uganda Insurers Association. (2023). *Insurers Renewed Commitment to Settle Motor Third Party Insurance Claims*. UIA.

⁷⁴ Uganda Insurers Association. (2023). *Insurers Renewed Commitment to Settle Motor Third Party Insurance Claims*. UIA.

In the hospital approach, the hospital staff helps in the processing of claims for admitted accident victims, and there has been capacity building in some hospitals to enable them accommodate accident victims. Capacity building is achieved by providing equipment and other resources that are beneficial to accident victims.⁷⁵ In addition, hospital workshops are done for all stakeholders to learn about third-party insurance. The approach is picking up slowly and its fruits are yet to be seen.

The police approach this to educate the police since they arrive first at the accident scene.⁷⁶ The police in this campaign are encouraged to help quickly process third-party insurance claims by playing their role in the chain and sensitizing victims and drivers about their rights. However, only two training sessions have been held around the country.⁷⁷

My right approach works to educate people on the right to be compensated and the legal mandate of drivers to register for third-party insurance. Campaigns have been made on the radio, television, and social media platforms.⁷⁸ However, there is a shortfall in the sensitization drive since a few media channels and a few languages are used to educate people.

Shortfalls in the efforts, the effect of partnerships under UIA has not yielded recognizable fruits since there is much to be desired regarding the chain of claims up to the stage where the victim recovers.⁷⁹ Firstly, the report costs 142,000 Uganda Shillings, which is an additional cost to any miscellaneous costs that the victim and driver might have faced because of the accident, and the UIA may not be able to change this easily through stakeholder engagements. The essential trauma counseling services are non-existent since the focus is on bodily injury by the law. This is so because third-party insurance compensation has a financial limit as provided under the old Act⁸⁰, which provides compensation pay that inflation has impaired. Thus, the mental well-being of accident victims is not given attention to the rehabilitation of victims.⁸¹ Lastly, the campaigns

⁷⁵ Supra

⁷⁶ Ibid

⁷⁷ Uganda Insurers Association. (2023). *Insurers Renewed Commitment to Settle Motor Third Party Insurance Claims*. UIA.

⁷⁸ Ibid

⁷⁹ Uganda Insurers Association. (2023). *Insurers Renewed Commitment to Settle Motor Third Party Insurance Claims*. UIA.

⁸⁰ Supra

⁸¹ Ibid

cannot deal with the cost of processing claims, which is exorbitant when obtaining necessary reports, and transport fares to obtain the payout are high since companies are centered in trading areas. Yet, the claimants do not live in the vicinity of the companies.

Finally, the association has successfully secured members' commitment and obtained partnerships. However, a lot has remained desired since people still face the challenge of not getting compensated. Some partners are not playing their role fully, which has affected the compensation rate.

3.4.8 The Mandatory Vehicle Insurance Bill 2016 and Regulations

The IRA developed a Draft Mandatory Motor Vehicle Insurance Bill and the Regulations. It got technical assistance from the World Bank to repeal the present legal regime and its regulations.⁸² A Regulatory Impact Assessment (RIA) by the IRA in 2022 was concluded with other stakeholders, namely, representation from the Ministry of Justice and Constitutional Affairs, Ministry of Finance, Ministry of Trade, Industry & Cooperatives, Planning, and Economic Development Cabinet Secretariat, Ministry of Works and Transport, Uganda Police Force, National Planning Authority, Uganda Revenue Authority, Insurance Training College, Uganda Insurers Association and other stakeholders. When the proposed law is passed, a shift to "No-fault" insurance shall be secured, and the amount compensated to accident victims shall be increased from one million shillings to ten million shillings and one hundred million Uganda shillings in aggregate. Moreover, property damage shall be incorporated, special purpose vehicles used by disabled persons will also be considered, and an actuarial model to determine premiums will be catered to increase coverage.⁸³ Conclusively, the bill ensures that the policyholder or beneficiary has timely and adequate compensation when the risk occurs.

3.5 Relevance of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193

Financial Protection for Accident Victims

According to Kinobe, one way the Motor Vehicle Insurance (Third Party Risks) Act Chapter 193 holds immense relevance to the public is by providing financial protection to accident

⁸² The Motor Vehicle Insurance (Third Party Risks) Act, Cap.193

⁸³ Insurance Regulatory Authority. "Annual Report 2022." *The Insurance Regulatory Authority of Uganda*. Accessed October 24, 2023. <https://ira.go.ug/wp-content/uploads/2023/09/Insurance-Industry-Market-Report-2022.pdf>

victims who suffer injuries and require medical treatment.⁸⁴ Victims are exposed to substantial medical expenses to recover from their injuries in many accidents. The Act's mandate for motor vehicle owners to possess valid third-party insurance policies ensures that accident victims receive financial compensation for their medical treatment.⁸⁵ The Act directly benefits victims by allowing them to afford the required medical services to the extent the law provides.⁸⁶ The Act's role in facilitating prompt compensation helps accident victims access medical treatment, which implements the purpose of the Act.

Compliances, safety, and responsibility

According to Gifford, the law requires all motor vehicle owners to obtain valid third-party insurance, which, in one way or the other, instils a sense of responsibility and accountability among drivers.⁸⁷ In this, they know they are legally required to possess insurance coverage for third-party risks, incentivizing them to adopt safer driving practices and adhere to traffic regulations. In other words, the Act's enforcement encourages a culture of compliance with road safety laws, reducing road accidents and associated injuries. As a result, accident prevention efforts are strengthened, and the overall safety of road users improves.

In the same way, the Act emphasizes third-party insurance, which highlights the importance of safeguarding other road users in the event of an accident.⁸⁸ By providing financial protection for third-party victims, the Act promotes a sense of social responsibility among motor vehicle owners, encouraging them to drive more cautiously and responsibly.⁸⁹ The awareness that recklessness on the road can have financial consequences for accident victims motivates drivers to exercise caution

⁸⁴ Namukasa, Juliet, Johnson Ssekakubo, and Bonny Bagenda. "Assessment of the Level of Awareness and Perception of Motor Third Party Insurance in Kampala, Uganda." *The Journal of Risk Management and Insurance* 21, no. 1 (2017): 22-40.

⁸⁵ Kinobe, Ahmed. "Insurance claims in Uganda: A Critical Analysis of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193." *JL Poly & Globalization* 110 (2021): 34

⁸⁶ Assefa, Alekaw Dargie. "Economic Analysis of Ethiopia's Vehicle Insurance against Third Party Risks." *Hawassa UJL* 1 (2017): 43.

⁸⁷ *Ibid*

⁸⁸ Namukasa, Juliet, Johnson Ssekakubo, and Bonny Bagenda. "Assessment of the Level of Awareness and Perception of Motor Third Party Insurance in Kampala, Uganda." *The Journal of Risk Management and Insurance* 21, no. 1 (2017): 22-40.

⁸⁹ Kinobe, Ahmed. "Insurance claims in Uganda: A Critical Analysis of the Motor Vehicle Insurance (Third Party Risks) Act Cap 193." *JL Pol'y & Globalization* 110 (2021): 34.

and avoid reckless behaviour on the streets.⁹⁰ This heightened sense of responsibility fosters a safer road environment, benefiting drivers, pedestrians, cyclists, and other vulnerable road users. In addition, an electronic system for paying motor third party online has reduced non-compliance by vehicle owners and has reduced fake stickers by vehicle owners.⁹¹

3.6 The role of ICT in the claims process in Uganda

The integration of Information and Communication Technology (ICT) has become central to modernizing the administration of MTP in Uganda.⁹² Primarily characterized by bureaucratic and paper intense processes, claims settlement is now being reshaped through mobile platforms, digital verification systems, and regional interoperability initiatives.⁹³ ICT facilitates policy validation, electronic claim processing, and improved fraud detection mechanisms.⁹⁴ The current innovations like USSD verification, premium payments via mobile money, and the digital COMESA Yellow Card are transforming both local and cross-border claims administration. Despite challenges of infrastructure, literacy, and regulatory gaps, ICT continues to play a vital role in enhancing efficiency, transparency, and accessibility in MTP claims.⁹⁵

Verifications, The use ICT has transformed the administration of MTP insurance in Uganda, with the ability to address longstanding defects, fraud, and accessibility challenges.⁹⁶ One of the most important contributions of ICT is in information and verification. The IRA and the insurance industry have introduced digital MTP payment platforms, USSD channels, and digital sticker verification systems, allowing enforcement officers and border officials to authenticate insurance

⁹⁰ Namukasa, Juliet, Johnson Ssekakubo, and Bonny Bagenda. "Assessment of the Level of Awareness and Perception of Motor Third Party Insurance in Kampala, Uganda." *The Journal of Risk Management and Insurance* 21, no. 1 (2017): 22-40.

⁹¹ Insurance Regulatory Authority. *A Study On The Factors Affecting The Settlement Of Motor Third Party (MTP) Insurance Claims In The Insurance Industry Of Uganda*. Kampala: Insurance Regulatory Authority, 2012. <https://ira.go.ug/embrace-technology-african-insurance-leaders-urged/>.

⁹² Insurance Regulatory Authority of Uganda. *Steps to Purchase Motor Third Party Insurance (mobile platform)*. IRA, n.d. PDF. <ira.go.ug>

⁹³ Insurance Regulatory Authority of Uganda. *Status of Motor Vehicle Insurance in Uganda: Study Report*. Kampala: IRA, September 2020. PDF. <ira.go.ug>

⁹⁴ Uganda, Re. "Uganda Launches Digital COMESA Yellow Card Verification Platform to Boost Cross-Border Trade and Combat Insurance Fraud." Uganda Reinsurance Company Limited (Uganda Re) - Your Risk Partner. Last modified July 9, 2025. <https://ugandare.com/uganda-launches-digital-comesa-yellow-card-verification-platform/>

⁹⁵ Insurance Regulatory Authority of Uganda. "Embrace Insurance – Kaddunabbi Tells Judges." IRA News, February 11, 2025. <https://ira.go.ug/embrace-insurance-kaddunabbi-tells-judges/>. <ira.go.ug>

⁹⁵ Ibid

⁹⁶ Insurance Regulatory Authority of Uganda. "Embrace Insurance – Kaddunabbi Tells Judges." IRA News, February 11, 2025. <https://ira.go.ug/embrace-insurance-kaddunabbi-tells-judges/>. <ira.go.ug>

cover instantly.⁹⁷ Such measures counter counterfeit stickers, limit reliance on manual checks, and enhance compliance by providing reliable evidence of policy verification at the point of loss.⁹⁸

ICT has also redefined the claims initiation and processing stage. Through mobile and web-based platforms, claimants notify insurers, upload accident evidence, and submit supporting documents remotely.⁹⁹ This reduces delays, accelerates the registration of claims, and enables insurers to deal with cases early. Mobile money integration further facilitates premium payments and allows insurers to make small disbursements to third parties where appropriate.¹⁰⁰ However, while digital intake systems have improved efficiency, Uganda's processes remain largely transactional and are yet to evolve into fully automated, end-to-end settlement mechanisms common in more advanced jurisdictions.¹⁰¹

Nevertheless, significant challenges remain. Limited internet penetration, uneven smartphone access, low digital literacy among motorists, and evolving data-protection frameworks hinder full ICT adoption.¹⁰² Inconsistent uptake across insurers also weakens the uniformity of digital solutions. To maximize ICT's potential, Uganda must expand nationwide digital verification systems, strengthen regulatory guidance on technology use, and enhance public awareness to promote trust and accessibility in MTP claims processing.¹⁰³

Conclusion

The chapter provides the legal framework of motor third-party insurance in Uganda. It briefly observes the post-independence legal regime of motor third parties. It describes the nature and practice of the MTP insurance policy. In addition, it brings out the challenges of MTPI in Uganda and what the Government is planning to do in future legislation. The Act establishes the Nominal Defendants Council, which is not functional, causing a loophole in the insurance system. The principles of insurance are also portrayed, as well as their connection to MTPI. The use of ICT has

⁹⁷ Supra

⁹⁶ Insurance Regulatory Authority of Uganda. *Status of Motor Vehicle Insurance in Uganda: Study Report*. Kampala: IRA, September 2020. PDF. ira.go.ug

⁹⁹ Ibid

¹⁰⁰ Ibid

¹⁰¹ Ibid

¹⁰² Ibid

¹⁰³ Ibid

also penetrated the registration and claims process. Thus, the chapter looks at the legal framework of the law and practice on Motor third party in Uganda.

CHAPTER FOUR

Stakeholders and Challenges Associated with Motor Vehicle Third Party Insurance in Uganda

4.0 Introduction

This chapter explores the impact and perceptions of the Motor Vehicle Insurance (Third Party Risks) Act¹ (MTPA) by delving into stakeholders and the challenges third-party claimants face in the compensation process from legal and social perspectives.² It draws on experiences from diverse stakeholders, including vehicle owners, policyholders, insurance companies, hospital staff, claimants, public transport passengers, cyclists, and representatives from the Uganda Insurers Association and the Insurance Regulatory Authority.

Through interviews with ten policyholders, ten claimants, and several other stakeholders, the study focuses on their experiences obtaining compensation following an accident. The insights are vital to appreciating how effectively MTP is working in practice, as well as identifying any gaps or issues that might be present in the compensation chain. By including views from key stakeholders across different sectors, the chapter purposes to provide a comprehensive picture of the efficiency of third-party insurance in Uganda.

Motor third party (MTP) aims to protect victims of accidents by ensuring vehicles on public roads subscribe to third-party insurance. The Act aims to provide cover for accident victims even when the vehicle has no insurance.³ Nevertheless, claimants face numerous challenges when seeking compensation, which is extensively revealed in the findings. Many accident victims are unaware of the benefits of MTP insurance, and policyholders often view it as a legal formality rather than a means of protection.⁴ This widespread ignorance means many claimants do not initiate the compensation process, while some lack confidence in the system.

The claims process itself is complex in the view of people who attempted it for the first time and those who have never attempted it before because it involves multiple steps like issuing a demand notice to the policyholder, submitting documents, and undergoing verification by the insurance

¹ Cap 193

² Ibid

³ Section 2 The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

⁴ “When Ignorance costs the insured.” (2012, July 26). *New Vision*: Your trusted source for breaking news, analysis, exclusive interviews, headlines, and videos at newvision.co.ug - New Vision Official.

<https://www.newvision.co.ug/news/1304476/ignorance-costs-insured>

company coupled with other formalities according to a respondent at UAP Old Mutual. Compensation is capped at UGX 1,000,000,⁵ but delays in payment are common since the law provides for 60 days as the maximum time for compensation.⁶ Additionally, administrative difficulties include missing documents and inadequate communication between insurance agents and policyholders.

Contributory negligence is another issue that complicates the claims process, as victims found partially responsible for the accidents may receive reduced or no compensation, according to Flavia, a UAP Old Mutual staff member. Fraud, such as the sale of fake insurance certificates, further undermines the system, leaving some accident victims unable to claim compensation.⁷ Furthermore, many claimants feel that the compensation provided is insufficient, especially in cases of severe injury. This has led to a general mistrust of the MTP system, with some victims viewing it as designed to frustrate rather than fulfill its statutory purpose.

4.1 Overview of the Motor Vehicle Insurance (Third Party Risks) Act and Regulations

The Motor Vehicle Insurance (Third Party Risks) Act Cap 193 and the Motor Vehicle Insurance (Third Party Risks) Regulations. SI 193-1 are the laws aimed at ensuring that all motor vehicles on public roads are covered by insurance to protect third parties such as other pedestrians, drivers, and property owners against injuries from motor vehicle accidents.⁸ Under the Act, vehicle owners must obtain third-party insurance, which typically covers death and bodily injury.⁹ The Act has key provisions, including setting maximum coverage limits to ensure adequate reimbursement for third-party claims and maintain the business efficacy of insurance providers.¹⁰ Vehicle owners who fail to comply with these insurance prerequisites may face substantial penalties, including imprisonment, fines, or vehicle impoundment.¹¹ The Act also provides for the procedure for third parties to lodge claims against an at-fault driver's insurance policy.¹² It further

⁵ Reg 4 The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

⁶ Reg 3 The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

⁷ Insurance Regulatory Authority of Uganda. *Baseline Survey on the insurance Industry in Uganda*. Kampala: IRA, 2014. <https://ira.go.ug/cp/uploads/INSURANCE%20BASELINE%20SURVEY%20REPORT%20-%202014%20-%20FINAL%20REPORT.pdf>.

⁸ Section 2(1)

⁹ Ibid

¹⁰ Regulation 4 The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

¹¹ Section 2(3)

¹² Section 39 The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

describes the duties of insurance corporations in handling claims.¹³ In addition, apart from defining coverage requirements, the Act lists certain exclusions where insurance may not be required, such as for state-owned vehicles, unidentified vehicles, and vehicles without insurance.¹⁴ It also addresses legal offenses, such as driving minus an insurance policy and providing dishonest information,¹⁵ and outlines the legal remedies available for resolving disputes related to third-party claims with the insurance company.¹⁶ Notably, state-owned vehicles are exempted from paying MTP.¹⁷ Government vehicles are also exposed to accidents and the legal issues involved shall be covered in the challenges.¹⁸

Generally, the Act plays a critical role in protecting the rights of individuals who suffer losses or injury due to motor vehicle accidents, guaranteeing that they have access to payment through a regulated insurance system.¹⁹

4.2 Enforcement Mechanisms of MTP

Third-party motor vehicle insurance is mandatory under the Motor Vehicle Insurance (Third Party Risks) Act.²⁰ Enforcement mechanisms to ensure compliance include: firstly, Traffic police checks, in that traffic officers regularly inspect vehicles on the road to ensure they have valid third-party insurance.²¹ However, non-compliant vehicles face fines, impoundment, or legal action.²² Secondly, vehicle registration and license renewal are required for vehicle registration and license renewal, coordinated by the Uganda Revenue Authority (URA) and insurance corporations. Without MTP, one may not get these services. Thirdly, since victims of accidents caused by uninsured vehicles, the victim can seek recompense through the courts, which can make consequential orders.²³ Thirdly, The Uganda Insurers Association (UIA), whose mandate is mentioned in chapter two. Fourthly, established digital platforms and e-services allow vehicle owners and the police to verify insurance status online, enhancing real-time implementation—

¹³ Section 12(1) The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

¹⁴ Section 2(2) The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

¹⁵ Section 10 Ibid

¹⁶ Section 39 Ibid

¹⁷ Section 2(2) Ibid

¹⁸ Section 17 Ibid

¹⁹ The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

²⁰ Section 2(2) The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

²¹ Section 33 (1) (D) The Traffic road and Safety Act Cap 347

²² Ibid

²³ *Muslim Centre for Justice and Law Vs Attorney General Constitutional Petition No 48 of 2017*

lastly, the Insurance Regulatory Authority (IRA), whose insights are mentioned in the fourth paragraph. The mentioned mechanisms work hand in hand to protect third-party victims and ensure road safety through mandatory insurance coverage.

4.3 Insurance Regulatory Authority Overview on the Shortfalls of MTP

The Ministry of Works report published in 2020 provided that Uganda has about 2.3 Million Vehicles. Still, about 410,000 vehicles subscribe to third-party insurance, which reflects that many owners default on their MTP mandate.

According to Jason, a research officer at IRA, about 67 percent of vehicles supposed to have valid MTP certificates do not have the certificates, which means that these vehicles are being driven illegally. More so, enforcing compliance is challenging with a limited number of police officers in some areas, and the loophole of corruption also renders enforcement challenging. This is a high risk to possible accident victims who may not receive compensation in case of accidents. The IRA notes that few complaints are registered from accident victims claiming under MTP. Lastly, five percent of the MTP premium payable is claimed in compensation, which indicates that few claims are made and few claims are settled, creating a gap between the mandate of the law and the law in practice. So, few claims are made compared to the existing claim rate.

The compensation limits in the current MTP ACT are low and cannot substantially cover the medical bills of an average accident victim. The act prescribes a maximum of Ugx one million per victim and Ugx ten million aggregate per incident involving more than one injured person that is to say compensation of up to 10 people. This is further divided into smaller portions, if victims are many, which may not satisfy the medical needs of the victims. The authority does awareness campaigns amongst members of the public about MTP. It has carried out regional clinics to educate the public about their rights and the scope of MTP, but compliance is low. Thus, the IRA regulates the MTP Act, few complaints have been registered, and the Authority is aware that sensitization is low, evidenced by widespread ignorance.

4.4 Insights from the Uganda Insurers Association on Gaps in Motor Vehicle Third-Party Insurance Claims:

According to the head of research at the Uganda Insurers Association (UIA) Mr. Basena Kevin, the UIA does not have a major role in the claims process of MTP. However, the mandate of the UIA is to represent its members before different stakeholders, like the government. Another

role is to promote better insurance legislation and do other stake holder engagements. UIA plays a key role of lending a hand where needed in the institutional framework of Insurance in Uganda.

According to Mr. Basena, the UIA does sensitise on different media as a corporate social responsibility to the public and to support its members. In addition, reports to the UIA have it that not all people claim for compensation after an accident as a result of ignorance or private negotiations with the driver for settlement. The UIA, furthermore, notes that many drivers obtain insurance for compliance with the law so as not to be stopped by the police, which is wrong because such driver do not know that they can rest as the insurance company is settling their liabilities. Notably, the law is more than thirty years old. In the olden days, the maximum compensation of one million shillings would cater to multiple medical needs. However, this cannot be effective in the present age due to inflation, said Mr. Basena. In addition, premiums paid are low. They may not guarantee a worthy payout after an accident. So, the UIA is aware of the noncompliance, low payouts, and insufficient premium for substantial compensation. On this matter, Mr. Basena of UIA had this to say;

“Ignorance is the main factor affecting claims in third-party claims. That is why the UIA has come up with media campaigns that have left much to be desired.”

The understanding of MTP by accident victims is low which affects claims and compensation. Some accident victims conceal information about drivers and their vehicles with the misconception that insurance companies do not pay their customers.

More challenges were identified in the MTP system, like the fault system when the driver is drunk, payments are not made, and cases of unauthorized drivers with no MTP are not considered for compensation. In addition, the process has a lot of paperwork and some documents are hard to access due to technical or financial reasons like police reports. Mr. Basena said,

“People always have accidents in areas away from their residence which makes it hard for them to commute to get a police report from a police station in a far area.”

Finally, the association has successfully secured members' commitment and obtaining partnerships. However, a lot has remained desired since people still face the challenge of not getting compensated. Even more, some partners are not playing their role fully, which has affected the compensation rate.

4.5 The insured

In third-party insurance claims, the insured plays many critical roles in ensuring that the process is handled proficiently and that the claim is resolved fairly. The insured is the person under whose name the policy is registered.²⁴ First, the insured must promptly notify the insurer about the incident involving a third party, providing detailed information such as the location, event's nature, and details of the third party. In support of this, Mr. Ahmed Mimi of Nile Star Coaches said,

“The insured must cooperate with the insurer throughout the investigation by supplying evidence like witness statements, photographs, and police reports.”

Another important role is mitigating damages by taking reasonable steps to prevent further losses after the incident. Mr. Basena Kevin of UIA said;

“Some drivers are negligent and quick to accept liability, forgetting that there is a policy under their name.”

Communication with the third party must be handled with utmost care and precaution; uttered words and admissions should be considered to limit liability. Notably, some insurance companies can compensate the insured who has negotiated with the victim outside the legal channel of claims. However, according to Flavia of UAP, few insurance companies accept this.²⁵ In circumstances where a claim escalates into legal action, the insurer may join the defense with the insured, who will need to work closely with the legal officers. On this matter, Mustapha Ngobi of YY Coaches had this to say;

“Administrators of deceased persons' estates are fond of requesting for more money than the statutory mandate and end up taking legal action.”²⁶

All in all, the insured plays a critical role since, in circumstances where the third-party insurance compensation is insufficient, the insured can be sued.

Ignorance among the insured

²⁴ Section 1 The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

²⁵ at Nakawa Business Park, Kampala on 13th May 2024

²⁶ at YY Coaches offices, Kampala on 29th August 2024

“The major challenge of insured persons is ignorance; more insured persons do not know their insurance rights,” Said Mr Basena Kevin of UIA.

Another respondent, Ndugga Davis, an architect, said, “I got the policy because the police require it.”

Most insured persons cannot demystify the relevance of the MTP certificates of their vehicles. In addition, a vast number of MTP certificate holders is not briefed on the relevance of the policy at the time of purchasing the policy, which in the end, compromises compensation. One respondent, Anita, an Advocate being asked where she would start if she ran over people with her car, had this to say;

“I would compensate them and where it is impossible to compensate, take them to the hospital and pay the bill.”²⁷

Another respondent, Amany Jacklyn, an advocate, said,

“I actually pay for third-party insurance every year, but I don’t know where to go in case of an accident.”²⁸

Ignorance on the side of the certificate holders is one of the loopholes in the claims process since one would not initiate a process of something they are unaware of.²⁹ This has compromised the chances of accident victims benefiting from MTP. To make matters worse, the ignorant drivers are the ones identified in hit-and-run incidents, and some of them go further to foot the bills that the insurance company would have covered.³⁰ However, some policyholders know their rights and inform their respective companies about any accident or incident related to the policy. To support this, a police officer at Mpigi police station had this to say;

“A driver who knows the purpose of third-party insurance will immediately inform the officer or victim that he has insurance.”³¹

²⁷ at Makerere University Business School Kampala on 10th May 2024

²⁸ at City House Bombo Road on 8th May 2024

²⁹ Opcit

³⁰ NTV. (2011, December 19). Accident victims condemn bureaucratic Motor 3rd Party Act [Video]. YouTube. https://www.youtube.com/watch?v=gb_U1tgsBT0

³¹ at Mpigi Police Head Quarters 27th May 2024

Thus, compliance with insurance may be an issue. Still, many compliant insurance policyholders do not know the purpose of the compulsory policy, which may endanger any person affected by their actions on the road.

4.6 The Insurer

The rate of claims made under third-party insurance from insurance companies varies from one insurance company to another. The insurance companies that receive the highest number of claims receive an average of 30 monthly claims. Companies that receive low claims receive an average of three claims per month. A victim is entitled to a maximum of one million Uganda shillings. However, if the accident victims are many a maximum of ten million can be spent in such a scenario. Even more, if many victims are subdivided, a victim can end up getting below one million shillings.³² According to insurance companies, considerations should be made to increase MTP premiums to increase the payout made to accident victims.

According to a staff from UAP Old Mutual. Increase in the premium paid under MTP would make insurer give more attention to MTP claims.

Most insurance companies pay more attention to comprehensive insurance compared to MTP. The reason behind the attention to comprehensive insurance is the high premium to the company. It has a diverse protection component, which extends to the vehicle owners, third-party properties, vehicles, and third parties.³³ In many instances, customers are advised to consider motor comprehensive insurance even when the prerequisites for compensation are the same in case of an accident.

In Uganda, third-party motor vehicle insurance is mandatory, and all companies are mandated under the law to provide this service.³⁴ Key providers include NIC Holdings, Liberty Life Assurance, Jubilee Insurance, UAP Old Mutual, and Britam Uganda, the major players offering third-party motor coverage. Other notable insurers include Statewide Insurance Company (SWICO), CIC Insurance Group, Sanlam Uganda, Goldstar Insurance, and APA Insurance

³² Regulation 4 the Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

³³ Ibid

³⁴ Section 38 The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

Uganda.³⁵ However, among these, only three insurance companies were used in the study: SWICO, Britam, and UAP. These insurers cover liabilities for injury and death of third parties caused by the insured vehicle. Most providers offer additional motor insurance packages alongside third-party policies like comprehensive insurance. It being a mandate that insurance companies have to provide insurance to all vehicles, some discriminate against cyclists for being high-risk clients and most of them do not have valid driving licenses, according to Gabriela of UAP and Geoffrey of Britam, respectively.

4.6.1 Procedure for making claims

As mentioned earlier, the insured is the most appropriate claimant, but also third parties and persons who offer Medicare support for the victims or agents can make a claim.

According to Gabriela, a claims officer at UAP Old Mutual, the following steps are followed when an individual is making a standard claim.

Firstly, the accident victim has to make a formal demand notice to the policyholder who caused the accident. This happens so that the insurance company is aware that a claim exists against the client, which relates to the policy of insurance.

Secondly, the policyholder presents the demand notice plus the IOV report, police report (Police form 37), medical report, treatment notes, and the medical bill or payment receipt to the insurance company. Additionally, a national ID of the victim and a valid driving license of an authorized driver are required to process payment. Only authorized drivers can attract compensation in case of accidents. Meaning an individual driving a car without the owner's permission puts at risk any accident victim because such does not attract compensation. Authorized drivers possess valid driving documents and are authorized by the vehicle owner to drive the car. The vehicle must have been in proper mechanical condition at the time of the accident.

Thirdly, the insurance company checks if the claimant or the accident vehicle possesses a valid insurance policy. *Fourthly*, the Insurance Company checks the authenticity of the documents and investigates the issue using their claims adjusters or insurance investigators.

³⁵Muhammedi, Ssonko, Mohammadtahir Cheumar, and Yusuf Haji-Othman. "Insurance industry in Uganda: analysing Islamic insurance opportunities and challenges on developing the industry." *Journal of Islamic Finance* 12, no. 2 (2023): 33-47.

If everything is in order, a discharge form is signed and payment is made to the accident victim to the tune of the sum of money paid for treatment, not exceeding the statutory amount of Ugx 1,000,000.³⁶ Payment is made to the bank account of the claimant or victim, or health care facility. In circumstances where receipts and other Medicare documents cannot be obtained, insurance officials can visit the health facility and make payments. If the medical bill is below the statutory amount, that is the amount that is paid to the victim.

4.6.2 Other Considerations before settlement

Electronic applications, an application for settlement can be made electronically by a victim or the insured. The claimant can take pictures of the accident, the insurance sticker, and photos of documents mentioned above, and email them to the claims department of the respective insurance company. In support of this, Geoffrey, a claims officer, said;

“A person can file a completely electronic claim, and if it is genuine, we pay as a result.”

In addition some insurance companies accept phone images or scans via social media platforms like Whatsapp to help in the processing of claims.³⁷

On street settlements, some insurance companies compensate policyholders who settle their differences without involving the police. In this circumstance only, hospital documents are used to guide the insurance company in compensation. But this can only be done following the valid terms of the insurance policy. So, insurance companies pay after victims or policyholders have ironed out the preliminary health concerns. In support of this, Gabriela, a claims officer with UAP, said,

“We can pay a policyholder who paid off an accident victim if he presents proof of payment.”

Company Branches, insurance companies have branches in different parts of the country to cater for upcountry cases. When an accident occurs, the application for compensation is made to the branch responsible for such a territory. The above presents how an application for compensation

³⁶ Regulation 4(2) The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1³⁶ Said by a claims respondent at Britam

is made and what documents have to be submitted for compensation to be made. When it comes to branches, some people do not reach out for compensation, and some Insurance companies mostly have agents' offices with agents who are not well conversant with the claims process since they concentrate on sales.

Contributory Negligence, cases of contributory negligence arise and treatment costs are shared between the insurance company and the victim. A driver who is negligent or has no driving license cannot be compensated as a result. This means that an intoxicated driver at the time of the accident is responsible for the damage caused. In addition, a pedestrian who does not observe traffic lights may be partially liable under contributory negligence if hit by a vehicle when the traffic lights are showing green. More so, this type of compensation works within the threshold, and such victims may earn a lesser sum compared to their counterparts who are careful. So, compensation is not automatic even when injury is evident. Contributory negligence or negligence can arise, leading to the failure of claims, according to Gabriela, a claims officer of UAP Old Mutual.

Conclusively, obtaining an MTP policy can be done via electronic means or mobile money completely, which is not the case with compensation. The fast process of obtaining a certificate is advantageous in increasing the subscription rate. The electronic process of compensation has not fully picked up, the process is full of documents and physical movement of persons, which is very time-consuming and costly. To claim compensation for injuries sustained in an accident, the victim must issue a formal demand notice to the at-fault policyholder, who then submits this notice with required documents (IOV report, police report, medical details, and IDs) to the insurance company. The company verifies the policy, documents, and vehicle condition before processing payment up to UGX 1,000,000. Issues that may fail a claim include fraud through fake certificates, contributory negligence, and delays due to ignorance and insurer procedures.³⁸ Insurance companies may differ in handling claims, with some offering extended timelines for making claims and electronic platforms for claims.

³⁸Insurance Regulatory Authority. *A Study On The Factors Affecting The Settlement Of Motor Third Party (MTP) Insurance Claims In The Insurance Industry Of Uganda*. Kampala: Insurance Regulatory Authority, 2012. <https://ira.go.ug/embrace-technology-african-insurance-leaders-urged/>.

4.6.3 Challenges faced by insurance companies about MTP

Fraud, there is collusion and fraud on the part of policyholders and alleged victims. It is reported that when people learn that compensation is possible. Policyholders connive with different stakeholders like the health centers, police, and people masquerading as victims to defraud insurance companies, said Gabriela of UAP. It has led to the rejection of claims and blacklisting of some vehicle owners from taking policies from some insurance companies. Insurance companies reported receiving claims based on fraud from different claimants. Some connive with health centers to produce baseless medical reports. Some try to produce forged police reports. This has put many insurance companies to the test and, in effect, making stricter the claims requirements which has made the compensation of claims harder for other claimants.

At times, there is connivance with the staff of some insurance companies to defraud the companies. Some delays are done to earn some money from the victims. So, fraud among the different stakeholders is a challenge to the MTP claims process. Mr Geoffrey of Britam said;

“The most failed claims of insurance come as a result of fraud.”

Fraudsters masquerading as victims take pictures of accident vehicles parked at police stations and seek compensation as if they were involved in the accident. A simple investigation by Insurance risk assessors reveals forged documents like police reports upon investigation with the police, said Mr. Geoffrey, a claims officer and assessor at Britam Insurance.

Geoffrey furthermore said;

“Fraudsters identify a vehicle involved in an accident and falsify all relevant documents and lodge in a complaint with one or more insurance companies, they can later be discovered if documents are taken for verification by insurance companies.”

Fraud in MTP leaves many victims of road crashes not covered, at the forefront the COMESA (Common Market of East and Southern Africa) Yellow Card, which followed the integration of the automated licensing system for the Ministry of Works and Transport and the IRA system. It was revealed that almost 80 per cent of the COMESA stickers displayed on cross-border vehicles

were forged, which makes companies lose revenue and at the same time puts third parties at risk.³⁹ Minister of State for Transport, Fred Byamukama, in a parliamentary interview, had this to say;

“Insurance officers, in a bid to save costs for their companies, import all manner of clauses and arguments that will deny their victims their right to claim.”

Thus, Fraud is a major issue in insurance claims, with policyholders and alleged victims colluding with health centers and police to submit false claims, leading to claim rejections and stricter requirements. Many claimants also face difficulties due to inadequate documentation and delays, further complicating the compensation.

Multiplicity of processing documents, many applicants for compensation lack proper documentation to be rightfully compensated. Many insurance companies primarily want a valid policy at the time of the accident, medical report, treatment notes, receipts, physical evidence of injuries, an IOV report, police report which costs about Uganda Shillings 140,000, clear details of the vehicle and ownership, and payment receipts if payment was made before the claim. Some documents brought to support the claim lack originality and may not attract compensation. Therefore, the claimants may lack proper documentation, which ultimately frustrates victims or results in the rejection of the claim.

Delay in enrolling for MTP policies, MTP claims are frequently rejected because the accident happened when the driver's policy had expired. According to one police officer, many drivers buy a new policy post-accident, but the insurance company cannot legally honor claims for incidents that predate the policy's effective date.

Delays in compensation processing, delayed payment of claims to third-party insurance claimants. This leads to various challenges for both the claimants and the insurance companies. The first consequence is financial hardship for the claimant's immediate costs. Claimants often face immediate costs, such as medical bills. Delayed payments can exacerbate their financial burden, leading to stress and hardship for both claimants and insurance companies, as they experience a payment backlog. One respondent, Mr Ndawula Thomas, said;

³⁹ Wamala, Deogratiou. "Motor third party fees set to increase sharply." *Daily Monitor* (Kampala), September 8, 2024.

“We spent a lot of money on our father’s treatment, waiting for the insurance company to compensate us.”

So, delay in payment has its vices like unnecessary loans to finance medicare, untimely deaths, and injuries worsening because of the inability to access medical financing. Mr Swaleh Mula of Nile Star coaches said,

“Insurance companies tell us that compensation upon making a claim is done in one week, but in reality, it can even take a month.”

Secondly, debt accumulation is a key factor because, without timely compensation, claimants resort to loans or credit from different providers like banks, moneylenders, friends, and relatives, which potentially leads to increased debt and financial instability. This not only relates to delayed compensation but also relates to low compensation. Many caretakers of accident victims borrow money, and others sell their belongings to pay for treatment, said one nurse at Mulago Hospital.

Delayed Recovery: For personal injury claims, delayed payments can hinder the claimant's ability to afford necessary medical treatment or rehabilitation services, potentially prolonging recovery. Negative customer experience and delayed payments can significantly impact customer satisfaction, making them less likely to recommend the insurance company or renew their policies. The delays also affect the image of insurance companies since they cause reputational damage as people go ahead and lose trust in the insurance system.

Madam Irene, an account at Mulago, said that “insurance is a scam; they tossed us for money to treat my sister, they never paid.”

Rashid a driver at NWSC said that “it took one insurance company six month to pay my claim of Ugx 300,000”

A poor claims experience can cause policyholders to switch to competitors, impacting customer retention rates. Note that brand loyalty can consistently be compromised due to delayed payments, driving customers to competitors with better claims processing timelines.

Lack of proper documentation: improper documentation in a third-party insurance claim can lead to significant challenges for the claimant. It often results in delays, as the insurer needs complete information to process the claim. Sometimes, the claim might be denied altogether if

essential documents are missing, incomplete, or incorrect. The director of Nile Star coaches had this to say;

“Some victims claim to have spent a specific amount of money on hospital bills, but the receipt and medical reports are insufficient and sometimes may not be authentic.”

This can force the claimant to cover expenses or even seek costly legal action. Inadequate documentation also complicates legal proceedings if there is a discrepancy in the amount to be claimed, making it harder to prove the extent of damages, which may compromise the amount of compensation. The Manager responsible for insurance claims for Link Bus had this to say;

“The key to a proper claim is proper documents used to make the claim.”

He further added that some individuals responsible for giving out the documents do not know what to do, and they give out insufficient documents, which makes compensation hard.

Additionally, it strains relationships claimants and insurance officials, as the claim might not be handled effectively without the necessary paperwork. Ensuring proper documentation is important for a smooth and timely resolution of third-party insurance claims, helping claimants avoid unnecessary complications and secure equitable compensation.

Lack of proper documentation is a serious issue since it causes delays, and compensation may not come through. The manager Nile coaches said,

“Very many accident victims go to health centers, and others go to the extent of buying painkillers and do not ask for receipts.” He added, "When they come for compensation, the insurance companies ask for the receipts to no avail, which hinders the compensation process.”

Thus, without documentation or clear documentation, a compensation claim by a bona fide accident victim may fail.

Delays by victims and the insured in claiming. Some insurance companies give a person 15 to 30 days to lodge in a claim. The period for making a claim is clearly stated in the policy. Many claimants miss out on the compensation because of delays. Insurance companies prefer prompt claims since follow-ups on accidents can be done expeditiously, and evidence brought in earlier

may be intact. The delay in reporting accidents and claims may bring about a suspicion of fraud, which may cause the insurance company to delay payment. Many people are surprised when they are informed that they filed in their claim late. In addition, other people file their claim when the insurance policy has expired and when they have not renewed it to cover risks. The manager of Insurance claims at Link Bus, Mr Isma Rukidi, said,

“Some people tend to delay lodging their complaints with us. We had an incident where a person lodged his complaint after eight years, and this kind of claim cannot be compensated by the insurance company.”

4.7 Motor Vehicle Third-party insurance claimants

Motor third-party insurance subscribers are mainly owners of vehicles and motorcycles.⁴⁰ These are supposed to help victims in the claims process. Third parties are random accident victims, the majority of whom learn about third-party insurance after an accident. These are the beneficiaries of MTP, but other individuals can assist them to obtain compensation. It must be noted that most third-party customers do not believe in the possibility of being compensated if they make a claim, that is, if they are not ignorant about MTP. Even more, many accident victims do not know the relevance of a third-party insurance policy for vehicles. In addition, insurance companies, such as UAP Old Mutual, report that most claimants for compensation are elites.

4.7.1 Nature of third-party claimants

Any person can claim if a policy is valid and that they are affected by the policyholder concerning the policy. As a matter of fact, the uneducated make fewer claims compared to their educated counterparts, yet they form a considerable proportion of vehicle owners and accident victims. In confirmation of this, Ms. Gabriela, a claims officer at UAP Old Mutual, had this to say;

“In a few cases, we get illiterate claimants; many of our third-party insurance claimants are people who have acquired some education.”

Notably, a relative or agent of a victim can claim on behalf of the victim if the vehicle has a policy. One Boda rider in Mutungo Mr Kyewalabye said;

⁴⁰ Section 3(2) Supra

“We followed up with a particular company to obtain money to treat our father, who was hit by a trailer in vain, and to determine if compensation was possible and clear. I would subscribe to a policy.”⁴¹

Furthermore, Ms. Evelyn at Mulago Hospital asserted that MTP is a scam since they frustrated her family when she attempted to obtain compensation on behalf of her sister.⁴²

Lastly, in an NTV Uganda documentary, they noted that the compensation is not enough for serious accident injuries, and people end up funding their hospital bills, which is not the objective of the law.⁴³ So, the claimants are always accident victims. Still, other people can apply for compensation, like the vehicle owner who has paid the hospital bills and any caretaker of the accident victim whom the victim has appointed to apply for compensation.

4.8. Challenges faced by claimants

Motor Third Party (MTP) insurance is a legal requirement for vehicle owners in Uganda. It is intended to offer compensation to third parties injured in road accidents. Nevertheless, the system faces many challenges that undermine its efficiency. Widespread ignorance among drivers, victims, and insurance agents about MTP's purpose and benefits creates compensation barriers. Many perceive MTP as a government tax rather than a protective policy, resulting in low enrolment and claims. Additionally, fraudulent practices, bureaucratic delays, and inadequate compensation further complicate the claims process. Victims injured by state or unidentified vehicles are not covered under MTP insurance face even greater challenges. The vast majority of challenges victims face are elaborated in the findings below;

Ignorance. The fact that most drivers do not know or ignore the relevance of MTP is also a challenge to victims. Most drivers do not know the relevance of an MTP certificate on a motor vehicle. Most of them have the sticker because it is a legal mandate. To confirm this, Mr. Ndungga Davis, an architect, said,

“What is third-party insurance? Is it a tax? Traffic police officers ask for it, but I do not know its relevance, and I was not told its use when I was purchasing it.”

⁴¹ at Old Buatabika Road on 26th May 2024

⁴² at Mulago Hospital at Kampala on 13th May 2024

⁴³ NTV. (2011, December 19). *Accident victims condemn bureaucratic Motor 3rd Party Act* [Video]. YouTube. https://www.youtube.com/watch?v=gb_U1tgsBT0

A person ignorant about insurance rights can hardly help the victim in the claims process, and the objective of MTP is frustrated at the onset. However, some know the relevance of an MTP certificate and these immediately after the accident, inform the police that they have a valid MTP certificate. A police officer had this to say;

“People who know how third-party insurance works tell you immediately that they have insurance to take care of the victim.”

Let alone the accident victims are very ignorant about MTP and cannot claim effectively in times of need. A motorcycle accident victim, Kate, said,

“After the accident, the vehicle driver took off, and we remained with the boda rider; every individual paid their medical bills in different medical centers; medical bills cost me about 2.5 million Uganda Shillings.”

Most victims do not know the motor third party and its benefits. This clearly reflects the claims rate and the compensation rate compared to accident fatalities in Uganda. Nevertheless, the Uganda Insurers Association has started a bid to sensitize people about the relevance of MTP on some local radio stations, but ignorance on the same persists. The beneficiaries of third-party insurance are highly ignorant of the benefits of motor third-party insurance, which is similar to people who take up the policy. Ambrose Kibuuka of Sanlam General Insurance stated thus;

“There has been sensitization, but there is more room for sensitization because many accidents occur, but few people come to insurance companies to claim.”

Some insurance agents give inadequate information to the insured at the time of purchasing the policy. The agents care about sales and do not inform the party of the policy's benefits. In addition, some drivers don't have a direct agent number; the numbers they have are the company numbers displayed on the sticker. One insurance agent, Alice, said:

“Most agents care about profits and don't explain to their clients the relevance of insurance.”

Some agents do not know the process of compensation, which is very challenging for the applicants. So, the inadequacy of information relating to MTP is also a challenge to the claims process.

One third-party insurance agent, Alice, when asked about the procedure of compensation, responded that;

“The best I can do is to give you a telephone number of one person in the insurance company who can help you with insurance claims.”

The general ignorance of stakeholders can make them connive and defeat the purpose of the MTP policy benefits.⁴⁴ Surprisingly, many drivers do not know the relevance of MTP, which impacts compensation. Compensation cannot be possible when the insured and victim are ignorant about MTPI. Some people think it is a tax and evade it, thinking they are avoiding central government tax, which is a challenge because it reduces the number of people registered under MTP. One taxi driver in Kampala Old Taxi Park said,⁴⁵

“Third party is a tax, and I cannot pay because we pay many taxes to the government.”

The lack of a third-party insurance policy implies that MTP compensation is impossible. Other stakeholders, like medical workers, people who come to rescue victims, and some police officers, do not pay attention to the relevance of MTP. The consequence of ignorance is a financial burden to any person responsible for financing the victim's hospital bills. So, ignorance is a major challenge when it comes to the pursuit of compensation. If people were equipped with the necessary information, the compensation rate may be higher compared to that recorded presently.

In conclusion, ignorance about MTP among drivers, victims, and even some insurance agents severely affects the claims process and access to compensation. Many perceive MTP as a tax, unaware of its underlying benefits, while poor education on its relevance leaves victims shouldering medical costs. Despite efforts to raise awareness, persistent misapprehensions weaken the effectiveness of the insurance system. Widespread sensitization and better communication

⁴⁴ Namukasa, Juliet, Johnson Ssekakubo, and Bonny Bagenda. "Assessment of the level of awareness and perception of motor third party insurance in kampala, Uganda." *The Journal of Risk Management and Insurance* 21, no. 1 (2017): 22-40.

⁴⁵ NTV. (2011, December 19). Accident victims condemn the bureaucratic Motor 3rd Party Act [Video]. *YouTube*. https://www.youtube.com/watch?v=gb_U1tgsBT0

between the public and insurers are essential to ensure that more people comply with, understand, and benefit from MTP, ultimately improving compensation outcomes for accident victims.

Lack of confidence in the MTP system: the few accident victims who are aware of the mechanisms of the MTP system do not believe compensation is possible, and many claim that the compensation process is frustratingly designed to frustrate claimants. Most persons who processed MTP claims and failed to obtain compensation do not believe in the MTP system and discourage attempts to start the compensation process by any individual surrounding them. Some respondents said the Insurance companies do not pay, while others claimed that the money given to victims is insufficient. One respondent, Ms. Evelyn, an accountant at Mulago Hospital, said,

“Third-party insurance is a scam since I followed it up for my relative and did not get anything out of it. So I believe that a third-party claimant cannot easily receive money.”⁴⁶

Furthermore, on confidence, Mr. Geoffrey of Britam Insurance Company had this to say;

“The people who believe that insurance companies do not pay out claims are wrong. This is because the insurance business in Uganda has evolved over the years, with many upcoming insurance companies fighting to make a reputation, and the existence of the UIA and IRA insurers pays out claims if documents are in order.”

So, a person with a biased mindset about insurance would hardly make a formal claim under MTP, which is a challenge to possible claimants since some of them interface with people of such a mindset. All in all, lack of trust in the operations of some insurance companies makes people reluctant to lodge claims.

Delays in filing claims: the law requires insurance companies to pay claims within sixty days from the date of application, except where the application is contested in the courts of law, which gives thirty days to the insurance company to pay after the conclusion of the case.⁴⁷ There are recorded delays in claim requests of accident victims on the grounds of ignorance about insurance processes and procedures given by the insurers. Many insurance companies have deadlines relating to applications for indemnity by third parties. Some Insurers give claimants seven to twenty-one days

⁴⁶ Opcit

⁴⁷ Supra

to make a claim, irrespective of the health condition of the parties involved, which limits genuine claims. Nevertheless, other insurance companies give claimants a longer period, which is in line with the time of the insurance policy, which is good practice. Mr Isma Rukidi of Link Bus had this to say about delays;

“There is a customer who came to claim third-party insurance money after eight years from the date of the accident, and such cannot be compensated.”

Some delays are technical from the Insurance Company, which can be cured by the compliance of the accident victim with the credentials required by the company. Many insurance companies claim that compensation can be given within a week after lodging a claim, but none of the claimants affirmed this timeline, meaning there are serious delays. Even more, a week is a very long period for an injured person, having it in the background that even obtaining valid documents to lodge in claim can take a long period. If the insurance policy is still operational, the insurers compensate within the policy timeline. The insurer provides a timeline to limit fraud however, the objective of the law may be defeated as a result. Relating to time, the manager Nile Star coaches said;

“The insurers tell us that they will pay within five days, but sometimes compensation can take several weeks or months.”

Thus, the delay in lodging claims by victims compromises the ability of insurance companies to make timely settlements, let alone accept the claim.

Bureaucratic delays, the main complaint of MTP claimants, is the bureaucratic process and paperwork that frustrate the claims. Although insurers claim that the claims process takes a week to complete, some claimants take months to access the compensation, if they are compensated. Even the required documents in the chain of compensation are expensive to obtain for some claimants. Like police reports have to be obtained after making a payment, even more, the follow-up process to obtain some reports is also expensive. Mr Basena Kevin of IRA had this to say about delays;

“Claimants are made to move to and fro police stations searching for police reports, which is tedious since police stations are distant from the residences of victims, which is also expensive.”

In addition, claimants are made to move to insurance company to another to receive compensation. The rigorous process is perceived as a lack of will by insurance companies to compensate victims, and many end up dropping the claims process. The successful claimants also claim the process is tedious, but they also end up getting the compensation, and they are comprised of persons who believe in the claims process. In support of this, Miriam Nalunkuuma, a Public Relations Officer at IRA, in an interview with NTV Uganda, stated thus;

“On the issue of procedure, some people have complained that the procedure takes long, but that is mainly due to ignorance.”⁴⁸

Inadequate indemnity: Other claimants claim that the sums offered under third-party insurance are not worth the struggle brought up in the claims process.⁴⁹ The Majority of victims who have sustained severe injuries do not get enough money from MTP. MTP allocating a maximum amount of 1,000,000 Ugx to an individual who has had an accident is very challenging when the bills are high.⁵⁰ People who have spent vast sums on treatment expenses claim that what third-party insurance offered them was insufficient to cover their total expenses.⁵¹ In addition, a collective compensation of ten million per accident is not sufficient in cases of accidents with multiple deaths and injuries. So, the money indicated under the law to compensate victims is not sufficient for the medical bills, considering that victims also spend money on different things to acquire compensation. On this note, the Manager of YY coaches said the families of accident victims ask for more money than the insurance companies offer. He had this to say;

“Families come here requesting more money than that which the insurance companies offer. Some people threat to initiate legal action since what is given is not sufficient in their perspective.”

In yet another accident, a victim spent 15 million in treatment fees but the insurance company had paid him one million in compensation.⁵² The father of the victim said;

⁴⁸ NTVUganda. (2018). *Third party insurance; Victims cheated as a result of ignorance* [Video].

YouTube. https://www.youtube.com/watch?v=_DPvrtPzG3k

⁴⁹ NTV. (2011, December 19). *Accident victims condemn bureaucratic Motor 3rd Party Act* [Video].

YouTube. https://www.youtube.com/watch?v=gb_U1tgsBT0

⁵⁰ Regulation 4 The Motor Vehicle Insurance (Third Party Risks) Regulations. SI 214-1

⁵¹ Supra

⁵² Supra

“I have spent nearly fifteen million in medical bill and I don’t know where I am going to get money for further treatment.”

So, the money claimed can be accessed but it may not be enough to cater for treating the injuries sustained.

Fraud, there is a rise in MTPI compliance but still many cars are not enrolled with over one million vehicles supposed to be registered not registered.⁵³ However, issues have been raised relating to registered insurance agents offering original certificates of insurance that are not backed by any payment to the insurers or URA. This is a challenge since the police may presume that he is insured which may not be the case since the policy does not reflect in the system. In addition, this poses a high risk to third parties who may endeavor to claim in vain on a policy that is not recorded in the system.

Some vehicle owners go ahead to purchase fake certificates knowingly to save money but endanger others and others purchase original certificates from insurance companies after the occurrence of an accident making compensation impossible because policies are electronically recorded in the system with electronic footprints. Susan Mwebaze an insurance agent had this to say in confirmation of the above statement;

“I tried to follow up compensation for a friend of mine, but the UAP insurance database revealed that the sticker number was not in the system and my friend had no policy with the company.”

Thus, a forged policy is a danger to the driver and the victim since it puts the victim's life at risk, and the vehicle owner can be charged as a result.

Accidents caused by Government and unidentified Vehicles, Under Ugandan law an injured third party by a private vehicle gets compensation from the MTP scheme.⁵⁴ However, a person injured by a state-owned vehicle does not obtain insurance compensation under the MTP scheme, implying that recourse is directly against the Government department under which the car is registered. Implying that one injured by an insured vehicle can be compensated faster than the

⁵³ Insurance Regulatory Authority of Uganda. *Status of Motor Vehicle Insurance in Uganda*. Kampala: IRA, 2020. [https://ira.go.ug/cp/uploads/STATUS%20OF%20MOTOR%20VEHICLE%20INSURANCE%20IN%20UGANDA%20\(1\).pdf](https://ira.go.ug/cp/uploads/STATUS%20OF%20MOTOR%20VEHICLE%20INSURANCE%20IN%20UGANDA%20(1).pdf).

⁵⁴ Section 2(2) The Motor Vehicle Insurance (Third Party Risks) Act Cap 193

later. This is not fair as far as the Nominal defendants council remains dysfunctional.⁵⁵ A case in point is Fred Kyagulanyi a victim of a hit and run motor vehicle accident by a government said:

“Efforts to get compensation from the ministry where futile and I was left at the mercy of the vehicle driver who gave me 300,000 Uganda Shillings which was not enough for my bills.”

Many challenges are associated with state-owned vehicles not having MTP insurance. Firstly, the bureaucracy associated with seeking compensation from a government body can frustrate a victim.⁵⁶ Even more, the ability to pay may not exist since some entities under government run on a low budget.⁵⁷ Secondly, it is time-consuming because a victim may be compensated within a month if the vehicle is insured legally. However, suppose it is hit and run by a government vehicle. In that case, it may require tedious procedures involving a lawsuit whose conclusion is uncertain about time and the case outcome.⁵⁸ Lastly, it is costly because one may borrow money and hire a lawyer whose services are expensive, facing financial hardships.⁵⁹

A case in point is the case of Fred Kyagulanyi who hired a Lawyer to pursue the driver who had hit him in a government vehicle which ended up being expensive.⁶⁰ So, third parties acquiring settlement from a government body may incur more costs than their counterparts seeking compensation from insurance companies.

Administrators of estates: The struggle administrators of estates of deceased persons go through to attain money belonging to the deceased accident victims is high, ranging from the cost of attaining letters of administration to the cost of following up MTP compensation. Even more, some beneficiaries are not aware of this form of compensation. Mr. Basena said UIA said;

“Many beneficiaries are not aware of the existence of compensation for their dead and do not even include the money as part of the estate, but for those that apply for compensation, it takes years for them to be paid.”

⁵⁵ *Muslim Centre for Justice and Law Vs Attorney General Constitutional Petition No 48 of 2017*

⁵⁶ *Ibid*

⁵⁷ Ministry of finance. *Budget Execution Circular for the year 2024/2025*. Kampala: MOF, 2024. <https://www.finance.go.ug/sites/default/files/reports/BEC%20FOR%20FY%202024-25.pdf>.

⁵⁸ *Muslim Centre for Justice and Law Vs Attorney General Constitutional Petition No 48 of 2017*

⁵⁹ *Ibid*

⁶⁰ *Supra*

The process of acquiring letters of administration makes it hard for some people to apply for compensation since the process involves much legal work hence many families do not get the money belonging to the estate of their late relative. So, families can spend a lot of money before letters of administration are granted, but some may not know that they can claim from insurance companies, and many learn of the possibility when they claim from vehicle owners like bus companies.

In the case of unidentified vehicles, this forms a loophole in the system, like the case of state-owned vehicles.⁶¹ Already, the public is at a disadvantage since many vehicles are not insured. The number of hit-and-run incidents worsens the situation since the victims are put at a higher risk.⁶² There remains a loophole in the law as far as it relates to hit-and-run incidents and government vehicles. Victims of both incidents face a high mortality rate since some victims do not have the finances to pay for the sudden incident.⁶³ In addition, the risk of financial hardship is high since they have no insurance support. Victims of hit-and-run events face several substantial risks, both short and long-term, including financial, medical, legal, and emotional challenges. The fact that the driver is not identified means that the chances of obtaining compensation and accessing immediate medical attention may be lower, as mentioned earlier.⁶⁴

The nominal defendant council under the law is supposed to cater to such uncertainties, but it is not functional.⁶⁵ This case also applies to the high percentage of uninsured vehicles. Mr Basena of UIA said,

“Uninsured vehicles attract no insurance and many people call insurance companies to compensate them with expired policies.”

A police officer at Mpigi Police said; “some drivers register for third party insurance after an accident which is not effective at all.”⁶⁶ So, there is a high risk that one would not be compensated if they are hit by a car without insurance.

⁶¹ Opicit

⁶² NTV. (2011, December 19). Accident victims condemn bureaucratic Motor 3rd Party Act [Video]. YouTube. https://www.youtube.com/watch?v=gb_U1tgsBT0

⁶³ Ibid

⁶⁴ Opicit

⁶⁵ Muslim Centre for Justice and Law Vs Attorney General Constitutional Petition No 48 of 2017

⁶⁶ at Mpigi Police Head Quarters 27th May 2024

This poses as a high financial risk in that there is no compensation in hit-and-run incidents. This can cause mental anguish to the victims and the close relatives of the victims. If the Nominal defendant council was operational and effective, it would cover up the gaps created by accidents caused by unidentified vehicles. So, hit and runs may expose victims to tedious legal battles for compensation which may not yield fruits that insurance may offer in the short run. Nabalamba Milly a mother to Nakasi Diana an accident victim said;

“My child was hit by an unidentified vehicle, and we spent over 20,000,000 Ushs to treat her lower limbs.”⁶⁷

Conclusively, the MTP claimants have a range of challenges. The internal delays of insurance companies, ignorance, expired policies, inadequate compensation, expensive reports and transport fares. In addition, the payout is insufficient to cater for the needs of the victims and last but not least unidentified vehicles and government vehicles whose risk is higher than that of insured cars. So, the lack of information relating to rights, procedures, and processes has hindered the claims process.

4.9 Health Facilities

Public health facilities receive more accident victims compared to private facilities. Mulago National Referral Hospital is a high-volume facility receiving an average of 100 accident victims daily. Victims and their loved ones facilitate health fees for accident victims, plus the government in public health centers for minor fatalities. Many victims do not have the financial ability to cater for their treatment in private hospitals that offer better healthcare. Even more, extra medical procedures in a public hospital may require payments or outsourcing, like a CT scan may be outsourced, and other medical procedures may need extra financing. Moreover, even if a victim gets a fracture, it may require an implant, which requires tens of millions of shillings, which motor third-party compensation may not provide for one accident victim. Few health facilities receive money directly from insurance companies.⁶⁸ One accountant at Mulago Hospital had this to say;

⁶⁷ Supra

⁶⁸ Insurance Regulatory Authority. *A Study On The Factors Affecting The Settlement Of Motor Third Party (MTP) Insurance Claims In The Insurance Industry Of Uganda*. Kampala: Insurance Regulatory Authority, 2012. <https://ira.go.ug/embrace-technology-african-insurance-leaders-urged/>.

“Insurance companies do not make direct payments on our accounts for accident victims.”

Conclusively, insurance officials are rarely spotted in hospitals following up on claims or victims to verify claims.

One of the reasons for this is that compensation is paid directly to the accident victim or the policyholders. In a few instances, insurance companies pay for treatment in public hospitals because many public hospitals offer free primary healthcare services. However, accounts departments of public hospitals barely have records of insurance companies directing finances specifically for third-party victims. On the other hand, private health facilities sometimes receive payment from insurance companies in favor of accident victims according to Gabriela of UAP. Some health centers detain victims and policyholders who allege that insurance companies are responsible for the treatment costs. This, in the end, inclines insurance companies to pay the treatment costs. Additionally, some medical procedures, like orthopedic implants, may be expensive for a common man and require other sources of financing which may not be readily available. So, in a few cases, insurance companies pay money directly to health centers to cater to the treatment of accident victims.

So, Public hospitals like Mulago handle many accident victims but struggle with funding and insurance support, often relying on personal or government funds. Private hospitals may receive direct insurance payments, and at times, victims are detained until payment is made.

4.10 The Case of Motorcycles

It is reported that there are more than 400,000 boda bodas (motorcycle taxis) in Kampala, and about 150,000 are registered. Based on the 2020 police report 2020, more than 1,500 people died because of motorcycle accidents, while victims of injuries were over 4000 in number. As the population grows, the number of motorcycle-related accidents will surely increase.⁶⁹ The impact of accidents can be reduced if there is a scheme ready to cater to the aftermath for the accident. Cyclists cause a significant number of accidents in Uganda, which, in consequence, brings about

⁶⁹ Feng, Austin Y, Silvia D. Vaca, Seul Ku, Michael C. Jin, Bina Kakusa, Allen L. Ho, Michael Zhang, Anthony Fuller, Michael M. Haglund, and Gerald A. Grant. "Boda Bodas and Road Traffic Injuries in Uganda." *Neurosurgery* 67, no. Supplement_1 (2020). doi:10.1093/neuros/nyaa447_496.

an increase in the number of third-party victims. Private motorcycles and motorcycles owned by corporations comply with MTPI, according to Gabriela of UAP.

MTP compliance of cyclists

Many passenger motorcycles (Boda Bodas) do not possess MTP certificates or subscribe to third-party insurance from any insurance company.⁷⁰ The major defaulters are the passenger motorcycles, which do not majorly subscribe to MTP. Emphasis on compliance relating to third-party insurance for motorcycles is important since motorcycles are used popularly by people as a means of transport. Most cyclists do not know the necessity of third-party insurance. One motorist, Kyambade Lawrence, said,

“I do not have third-party insurance. I do not know its importance after the first sticker expired a few years ago. I plucked it off by myself and have never bought any other policy.”

Most cyclists purchase MTP once on the first purchase of the motorcycles, which is mandatory by law. After the expiry of the first policy, many do not renew their subscription. To be compensated, one has to have been affected by a motorcycle with a valid policy, and many never renew their subscription. However, compensation may be offered when a subscribing vehicle hits a motorcycle.

Cyclists are ignorant about MTP, and those who purchase it are private persons and corporations. Many cyclists find third-party insurance to be corporate in nature and do not trust it.⁷¹ Many cyclists complain that insurance companies never rescue them when they get into accidents. There is a big rift between the insurance companies and the local people. The huge chasm makes it hard for the local illiterate boda-boda riders to connect with the literate corporate world. Boda-boda cyclists comply when there is a police operation on MTP compliance. Even more, the majority that possess the stickers are ignorant about the merit of the sticker and would not consider using the sticker in case of an accident.

⁷⁰ Uganda Insurers Association. (2023). *Insurers Renewed Commitment To Settle Motor Third Party Insurance Claims*. UIA.

⁷¹ Feng, Austin Y, Silvia D. Vaca, Seul Ku, Michael C. Jin, Bina Kakusa, Allen L. Ho, Michael Zhang, Anthony Fuller, Michael M. Haglund, and Gerald A. Grant. "Boda Bodas and Road Traffic Injuries in Uganda." *Neurosurgery* 67, no. Supplement_1 (2020). doi:10.1093/neuros/nyaa447_496.

In addition, cyclists have a biased opinion on any revenue collections, and they opine that MTP payment is a tax like any other tax, and they evade it for that reason. Compensation for accident victims in a pure motorcycle accident is less likely to happen unless the motorcycle is new, private, or corporation-owned under MTP since these are the most subscribing parties, according to all insurers interviewed. Conclusively, the victim or policyholder must be aware of the possibility of compensation by the insurance company, which is not the case with cyclists since they are ignorant.

One boda boda cyclist, Kalyango, said, “Third Party insurance is a tax, and I am not willing to pay.”

Most riders find it strange that there is a scheme that can offer help for accident victims. So, ambitions to register cyclists are complex since they seem strange to them, which works hand in hand with ignorance. The vast lack of awareness and detachment between cyclists and insurers is a significant challenge for insurance companies. Mr. Basena of UIA, on this matter, said,

“insurers do not offer services to boda boda cyclists because most of them do not have road licenses, and insurance would not benefit them even in case of an accident since they are already at fault.”

There is also a language gap; policies and claims procedures are made in English, yet some people are illiterate and cannot follow up well such processes. It is challenging to take up a policy that one does not understand. If the policy is taken by chance, the victim may not be able to get compensation.

Lastly, some insurance companies do not offer insurance to passenger motorcycles (Boda Bodas), claiming that they are high-risk clients, according to Flavia of UAP. Some insurers claim that giving policies to motorists may not be profitable since they are prone to accidents. Being high-risk means they are always on the road and susceptible to accidents; hence, offering them MTP policies is not economically viable to insurance companies. However, according to reports from interviewed insurers, some Insurance companies like SWICO and Britam accommodate such Cyclists, but the subscription fees are very low compared to the risk insured.⁷² Therefore, boda-

⁷² Said by Joel Kato in an interview at Sure House Bombo Road, Kampala on 8th May 2024

bodas are prone to accidents, but very few are insured under MTPI, making insurance claims on their side nearly impossible.

4.11 Conclusion

The Motor Vehicle Insurance (Third Party Risks) Act⁷³ is a crucial legal framework to protect accident victims by mandating third-party insurance for all vehicles on public roads. However, its implementation in Uganda faces significant challenges. Many claimants struggle with a complex compensation process, low public awareness, and payment delays. The compensation limit of UGX 1,000,000 is inadequate given the current medical costs, leading to victim dissatisfaction. Additionally, enforcement remains weak due to corruption and low compliance, with only a fraction of vehicles having valid MTP insurance.

Stakeholders such as the Insurance Regulatory Authority, Uganda Insurers Association, and policyholders acknowledge these issues and highlight the need for increased awareness, policy reforms, and stricter enforcement mechanisms. Addressing these gaps is essential to improving the efficiency of the MTPA and ensuring that accident victims receive fair and timely compensation, restoring confidence in the system.

⁷³ Cap 193

CHAPTER FIVE

Conclusion and Recommendations

5.1 Introduction

This chapter presents conclusions drawn from the findings discussed in previous chapters and provides recommendations designed to guide reforms in Uganda's Motor Vehicle Third Party Insurance compensation process. These recommendations aim to improve the legal, Practical, and policy framework governing MTP claims. Through these proposed reforms, the chapter seeks to address identified gaps in the MTP system and enhance access to medical finance from insurance companies for accident victims in Uganda.

5.2 Conclusion

This research focused on the ability of accident victims to access compensation through Motor Vehicle Third Party Insurance (MTPI) provided by insurance companies in Uganda. Thus, the conclusions listed below have been drawn from perceptions of MTPI by accident victims and other stakeholders in Uganda. Additionally, this research has made reference to how MTPI is conducted in different jurisdictions.

The study began with chapter one, which presented the study's objectives. The first objective examined Uganda's domestic legal framework, detailed in Chapter three, which mandates insurance for all vehicles on public roads except government-owned cars.

MTPI protects third parties from injuries and damages caused by insured vehicles. The legislation ensures victims receive compensation for medical injuries or expenses of one million Uganda Shillings per person. The Act promotes financial protection for accident victims and encourages responsible driving, contributing to improved roads for road users.

Chapter two focused on the international legal framework displaying the practical aspects of MTPI on the regional, continental, and global scale. Different regions adopt different certificates to protect accident victims. For instance, East Africa's yellow card and the European green card are some MTPI international undertakings focused on streamlining cross-border claims and settlements for third-party insurance. Uganda can adopt similar practices to improve efficiency, reduce fraud, and increase customer satisfaction since its already using the COMESA yellow card. Chapter three about the international legal framework provides more details about RECs.

Chapter Four points out the challenges that third-party insurance claimants face, including ignorance, inadequate payouts, financial barriers to processing documents, poor records management, and uninsured vehicles, among other challenges. Addressing these issues requires improved public awareness, regulatory reforms, and more vigorous enforcement mechanisms to ensure that MTP fulfills its intended role of providing timely and fair compensation to accident victims.

The study also concludes that the current challenges faced by claimants of MTPI stem from ignorance coupled with an inadequate legal framework. Other challenges included inadequate compensation, unnecessary delays in the compensation channel, and forgery, which undermine the purposes of MTPI. Resolving the issues at hand is critical to achieving MTPI's objective of providing effective financial support to accident victims.

5.3 Recommendations

Motor vehicle (Third-Party) Insurance (MTPI) in Uganda faces challenges, including low public awareness, unclear claims processes, insufficient payout limits, and exclusion of government vehicles from coverage. Many vehicle owners are unaware of MTPI's benefits, and existing publicity efforts fail to emphasize the claims process. The current fault-based compensation system and a low maximum payout of 1,000,000 UGX exacerbate difficulties for accident victims seeking adequate redress. Additionally, delays in claims processing and fraudulent activities undermine trust and efficiency in the insurance system.

To address these issues, a comprehensive strategy is required. Legal reforms should introduce standardized claims procedures, mandatory timelines with penalties for delays, and a no-fault compensation system to ensure timely payouts. Raising the compensation ceiling and adjusting premiums will cater for victims' medical expenses while maintaining insurer viability. Including government vehicles under MTPI would expand coverage and address risks posed by state-owned cars. Mass sensitization campaigns should be embarked on to educate the public on MTPI's relevance, rights to compensation, and claims procedures. Centralized digital platforms for claims processing can streamline submissions of applications for compensation, reduce delays, and enhance fraud detection.

By reforming laws, enhancing awareness, and digitizing the claims processes, Uganda can make MTPI more accessible and effective, ensuring fair compensation and strengthening public trust in the insurance system.

5.3.1 Legal Recommendations

5.3.1.1 Recommendations to the Insurance Regulatory Authority

Enactment of clear Legislation and Regulatory Standards. A well-defined and Streamlined Claims Process is critical for simplifying compensation for accident victims and policyholders. Establishing a uniform law to guide the claims process, including necessary documentation and timelines for each stage, can reduce ambiguity and set clear expectations for claimants and insurers.

Additionally, a standardized claims settlement framework for initiating, assessing, and approving claims can be crucial in fast-tracking settlements and eliminating disputes arising from unclear frameworks. This further facilitates transparency and confidence in the insurance system for both insurers and claimants.

Lastly, standardized documentation requirements are of great importance to all insurers in simplifying the claims process for claimants because they speed up verification. Standardized forms should contain key details relevant to the settlement of claims. In addition, guidelines and regulations are necessary for mandatory documents like reports and payment receipts for easy settlements.

The claims officer, Ms. Gabriela at UAP Old Mutual, Said, “If any applicant for compensation has all the required documents, we pay their claim.”¹

In addition, implementing Anti-Fraud Legislation can help reduce fraud since it is one of the challenges insurance companies face. Even more, the law can facilitate enhanced background checks and digital tracking. Regulators can require insurers to conduct thorough background checks and cross-reference claims with existing databases, such as criminal records, previous claims, and medical records. Digital tracking systems can identify patterns in repeated claims and flag suspicious activity. Laws specifically targeting insurance fraud with strict penalties can help

¹ at Nakawa Business Park, Kampala on 13th May 2024

deter fraudulent activities. Specific provisions for penalties related to false claims and inflated estimates and insurers need to revisit their claims requirements without exposing themselves to fraud.

Thus, the law has to be clear in relation to the claims process, fraud prevention, and frameworks coupled with standardized documents that have to operate across the insurance industry to make compensation easy for accident victims.

Amending the maximum payout enshrined in the Regulations. Considerations to lift the 1,000,000 Uganda Shillings maximum to a flexible payout system without maximum limits can benefit accident victims. Many victims spend more than one million shillings in treatment, and some cannot afford such fees because of the limitations of the Motor Vehicle Insurance (Third Party Risks) Regulations. SI 193-1, which has a maximum limit.²

Raising the premium paid and changing the compensation ceiling from UGX 1,000,000 (One Million Uganda Shillings) to a substantial amount. This is to broaden the third-party finance pool, which, in the end, increases the compensation amount since hospital costs strain victims with excessive amounts of fees. Severe injuries sustained by the victims may not fall in the amount that the law directs to be paid to a victim. However, a substantial payout ceiling to victims for a reasonable injury may save many on the exorbitant hospital fees.

Nabalamba Milly, a mother to Nakasi Diana, an accident victim, on a news interview said, “My child was hit by an unidentified vehicle, and we spent over 20,000,000 Ugandan Shillings to treat her lower limbs.”³

Such victims investing in abrupt Medicare fees may only be helped by making flexible payouts without necessarily looking at a fixed amount since injuries vary from one accident to another.

Jason, a research officer at IRA, said, “We are aware that the amount paid to victims is not enough, but deliberations will be made to consider raising the amount to that which can cater to the medical needs of the victims.”⁴

² Regulation 4

³ NTV. (2011, December 19). Accident victims condemn the bureaucratic Motor 3rd Party Act [Video]. YouTube. https://www.youtube.com/watch?v=gb_U1tgsBT0

Şenocak, Arpat. "Insurance and reinsurance in Turkey: an overview." *Association of Cooperate Counsel* 1, no. 1 (2015), 1-12. https://www.gide.com/sites/default/files/thomsonreuters_practicallaw_globalguide2015_2016_i

⁴ 17th May 2024 at UIA Building

Consequently, if the amount is changed from one million to a higher amount, like ten million Ugandan Shillings as the maximum payout per person, the victims of fatal accidents can get the payout they deserve. Herein, accident victims would get the required medical attention without the need to borrow money or organize fundraising to finance medical bills. Thus, any settlement system should be flexible and not fixed.

Revising the premium. The amount paid by the subscribers should also be amended to reflect the changes in the payout if the maximum payout is amended. This can help insurance companies avoid losses when paying vast amounts of money.⁵ Insurance companies have to be profitable and are affected by economic pressure according Gabriela of UAP. Having a pool of money can enable effective payment of claims. Even more, the current premium is overwhelmingly impaired by taxes.⁶ To remain viable financially, the Motor Vehicle Insurance (Third Party Risks) Regulations SI 214-1 should be amended to maintain a balance between premiums collected and the subsequent payout to lift the financial burden from insurance companies. The raising payout only necessitates amending the premium to a reasonable amount from time to time.

Enrolling government vehicles under MTPI. Courts have challenged the inclusion of government vehicles under MPTI, but this has left much to be desired since the nominal defendant's council is not operational.⁷ Victims of government vehicles do not have a quick payout system compared to their counterparts of privately owned cars with MTPI. The alternative redress is court action, but cases delay in court, which delays compensation. Including government vehicles would increase the financial pool of MTP and minimize the risks associated with accidents caused by state vehicles.⁸ Conclusively, the registration of government vehicles should be considered when amending the law.

5.3.2 Policy recommendations

Enforcement of mandatory timely responses and awarding penalties for delays. The current legal framework mandates a two-month period for compensation payouts. However, many victims

⁵ Thøgersen, Julie. "Optimal premium as a function of the deductible: Customer analysis and portfolio characteristics." *Risks* 4, no. 4 (2016): 42.

⁶ Value Added Tax and Stamp Duty.

⁷ *Muslim Centre for Justice and Law V. Attorney General Constitutional Petition No 48 Of 2017.*

⁸ "Getting 3rd Party Insurance Compensation a Camel & Needle Affair." Bukedde Online - Amawulire Mu Uganda, Buganda, Bukedde Ku Yiintaneeti, Bukedde Online, Bukedde Ne Agataliiko Nfuufu, Ssenga, Kasalabecca Ne Bukedde TV Ne Ssanyu - Uganda News in Luganda - Bukedde Online - Amawulire. Accessed December 16, 2024. https://www.bukedde.co.ug/business/NV_5676/getting-3rd-party-insurance-compensation-a-ca.s

experience extended delays in receiving their entitlements from insurance companies. A penalty is necessary for delays in the payment of genuine applicants who have fulfilled all compensation requirements. Mandatory deadlines make the compensation swift and clear since everything has to be in order before payments are made.⁹ Regulatory guidelines must include short and strict timelines for investigations, reports, and verification should be established to enable compensation.

In addition, fines and interest on delayed settlements should be considered in the regulations governing MTPI to encourage prompt settlements by eliminating unnecessary delays. A mandatory timeline coupled with fines and penalties helps in the rushing of the claims process in the end, eliminating delays.

Elimination of irrelevant requirements: Insurance companies should make compensation easy for accident victims by eliminating irrelevant requirements before compensation. Inquiries and investigations may work in favor of the insurer, but they adversely affect the effectiveness of the law. Investigations should be handled expeditiously under legal timelines to fulfill the purpose of the established law. The law and the resulting formalities should be designed to eliminate delays that may risk the victim's life. In addition, insurers should guarantee payment to victims and health centers before indulging in investigations. One proof of injury, police report, and an acknowledgment by the policy, where possible, should suffice to secure payment for the victim. So, compensation should be easy, and a mandatory timeline should be observed to save people's lives.

A no-fault allocation of risk system must be adopted under the law and policy. Insurance companies should be liable to compensate accident victims regardless of the fault of the victim or driver under the circumstances of negligence. This is relevant in promptly spreading the benefits of Motor Third-Party insurance to all victims. In addition, this would cut the time to investigate the car's mechanical condition, driving authorization, verifying ownership, and other verification levels the insurers use to excuse themselves from payment.

The claims officer at UAP said, “Once it is discovered that the driver was negligent or not authorized to drive, we cannot pay.” She said, “Once the accident victim is negligent on the road, costs can be shared, or payment is not made at all.”¹⁰

This criterion compromises the objective of MTP as a safe guard for accident victims. Thus, the law should be amended to eliminate any fault hindering an accident victim from receiving statutory compensation. So, considering the elimination of fault in case of an accident can help in the settlement process.

5.3.3 Practical Recommendations

5.3.3.1 Practical Recommendations to Insurance Companies

Reinforcement of publicity. Public awareness of motor third-party insurance (MTPI) is crucial for improving understanding, compliance, and uptake in Uganda. Proper awareness ensures that individuals understand their rights and responsibilities, leading to safer roads and faster claims settlements. Although publicity about the right to compensation exists across various media platforms, it remains insufficient. Notably, the existing publicity is silent about the claims process, leaving many vehicle owners unaware of the significance of MTPI. This lack of understanding contributes to non-compliance and undermines the compensation process, as many dodge the insurance, believing it to be unnecessary. To address this, there should be a mass sensitization campaign across different media in all languages to inform the public that compensation is possible and that they should not pay all bills in case of an accident.

Third-party insurance stakeholders also need to join all possible campaigns of sensitization and marketing to recoup their relevance and mandate. To make claims possible, people must know that they must claim in case of an accident. The regulators and associations responsible for insurance have to reinforce the MTP sensitization to help people know about members' products. This will increase subscriptions and claims since most people don't claim because they do not know about the existence of MTP. Conclusively, MTP should be known to make compensation possible.

¹⁰ at Nakawa Business Park, Kampala on 13th May 2024

Introduction of digital platforms for claims management and processing.

The accelerated use ICT in Uganda's motor vehicle MTP insurance claims process is essential to improving transparency, efficiency, and accountability. Establishing centralized digital databases and mobile-enabled claims portals would streamline the capturing of policy details, minimize duplication, and reduce paperwork and human error. Integrating USSD verification systems and digital COMESA Yellow Card checks at border points and police stations can curb counterfeit insurance cross boarder stickers and can allow instant verification of policies. According to a claims officer at Britam, enabling police to scan and share documents electronically would save victims the burden of traveling long distances to file claims.

The use of artificial intelligence AI to assess risk, process and settle claims can be useful if incorporated in insurance systems.¹¹ Moreover, a centralized portal for claims management would facilitate communication among insurers, regulators, and police while ensuring real-time tracking and faster compensation. Automated identity verification and data-sharing systems would also reduce fraud and improve insurer confidence. Ultimately, a centralized digital framework for claims processing coupled by regulatory oversight and staff digital training would ensure faster, fairer compensation and streamline Uganda's motor insurance industry.

Elimination of police reports in some claims

Insurance companies may eliminate police reports in claims processing for several reasons. Firstly, police reports may have subjective opinions, inaccuracies, and incomplete details, which makes them unreliable as sole evidence for claims decisions. Officers may not always witness incidents firsthand, leading to potential inconsistencies.

Secondly, some claims, such as minor accidents or property damage, may not require police involvement. Even more, police reports are costly, making the claims process hard for some people. Requiring a police report for every claim by some insurance companies could create unnecessary delays and burdens for policyholders as well as third parties. Most probably, fraud prevention is a concern because some claimants may manipulate police reports to favor their cases, rendering independent investigations by insurers more reliable.

¹¹Jafar, Syed Hasan, Shakeb Akhtar, and Satirejit Kaur Johl. "AI in insurance." In *Artificial intelligence for business*, pp. 164-173. Productivity Press, 2023.

Instead of relying solely on police reports, insurers may use witness statements, photographic evidence, and expert assessments to determine liability and damages. This approach allows for a more comprehensive and objective claims evaluation, ensuring fair outcomes for policyholders and insurance providers.

Training insurance agents about MTPI

It is necessary to train agents about the purpose of MTP and the processes of attaining compensation in case of an accident. The training would be essential to cure the ignorance of the agents, and it can also be important in claims processing when the clients contact the agents for help. Having a direct agent who can elaborate on MTP's benefits can help process claims.¹² So product information is vital as much as sales agents are concerned, which is important in relation to MPTI enrolment and claims.

5.3.4 Recommendation to Claimants

Third-party insurance claimants must follow key steps provided by the insurers to ensure a smooth and fair settlement. Firstly, they must gather necessary evidence at the accident scene, including but not limited to photos, videos, and witness statements that strengthen a possible claim. Secondly, the accident must be reported immediately to the police and insurer because some companies have limitations on the time of reporting the claim. Additionally, delayed reporting in one way or another compromises evidence and may create complications in the claim.

Thirdly, full cooperation with the insurer's investigation, providing necessary documents such as medical reports reflecting the injuries. Lastly, every claimant should remain persistent and negotiate if necessary because some insurance companies are reluctant when it comes to paying claims. If the insurer delays or undervalues a claim, consideration of court or filing a complaint with the regulatory authority for fair resolution can be a point of recourse.

Since the legal regime still stands, people desiring compensation should have key documents at hand and process the necessary documents earlier to reduce the compensation time. Drivers should possess valid driving licenses and permits and parties involved in an accident should obtain the police report, and medical documents like treatment notes, receipts, and medical reports. When documents are in order compensation is made easy. Conclusively, people should know what is

¹² O'Donnell, Barbara A. "An Overview of Insurance Agent/Broker Liability-Claims by Policyholders, Insurers, and Third Parties." *Brief* 25 (1995): 34.

required to avoid endless movement to the insurance companies which may also be costly. Conclusively, knowing what is required makes compensation easy and fast.

5.3.5 Areas for further study

This study understands that among the significant limitations to the MTPI claims payouts to victims are the consistent delays and other requirements that bottleneck compensation. However, it is also of concern that the underlying embedded aspects of the effectiveness of police enforcement of MTPI are researched, bearing in mind that the police is supposed to enforce compliance. Additionally, adding the driver and the conductor in cases of Passenger Service Vehicles (PSV) can be considered for compensation in cases of accidents. The non-compliance of motorists in relation to subscription to MTPI should also be researched. It is in the interest of these findings that the uncovered area is explored in depth. The study also recommends further study on fraud-related cases in MTPI to seal the loopholes in the system. Lastly, the study recommends an in-depth research in the legal applicability of AI tools in insurance claims verification and settlement.

Conclusion

The study focuses on Uganda's Motor Vehicle Third Party risks Insurance and its role in providing accident victims with health financing. Key findings reveal challenges such as low public awareness, inadequate compensation, delays in claims processing, and legal gaps. While Uganda's current MTPI framework mandates coverage for medical expenses, the payout limit of one million Ugandan Shillings is insufficient. The study highlights the need for reforms inspired by international best practices, like digital claims platforms, anti-fraud measures, and no-fault compensation systems. Recommendations include raising payout limits, improving public awareness, intensive use of ICT in the claims process, mandating timely compensation with penalties for delays, and including government vehicles under MTPI. Legal and policy overhauls are crucial to improving efficiency, transparency, and accessibility. Further research on compliance, fraud, use of AI and enforcement mechanisms is encouraged to strengthen the MTPI system. Comprehensive reforms will ensure timely and fair compensation, aligning Uganda's MTPI system with international best practices and standards.

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APPENDICES

Appendix A:

List of interviewed persons (Aliases)

A traffic police officer at Mpigi Police Head Quarters 27th May 2024

Adudalla Kitatta at Old Buatabika Road on 26th May 2024

Alice at Makerere at University Business School Kampala on 10th May 2024

Amanya Jacklyn at City House Bombo Road on 8th May 2024

Anita at Makerere University Business School Kampala on 10th May 2024

Basena Kevin at UIA Offices Bukoto Kampala 5th September 2024

Evelyn at Mulago Hospital in Kampala on 13th May 2024

Flavia at Nakawa Business Park, Kampala, on 13th May 2024

Gabriela at UAP Building on 17th May 2024

Geofrey at Britam Offices Nakasero, Kampala on 2nd September 2024

Isma Rukidi at Link offices Kisenyi on 29th August 2024

Kate at Muyenga High School, Kampala, on 15th May 2024

Kyewalabye at Old Buatabika Road on 26th May 2024

Mustapha Ngobi at YY Coaches offices, Kampala, on 29th August 2024

Ndungga Davis at St Barnabas Road in Kampala on 14 May 2024

Nusula Ahmed at Nile star Coaches office Bombo Road on 21st August 2024

Rashid a driver at National Water and Sewerage Cooperation March 2025

Security Guard at Causality Mulago Hospital on 16th May 2024

Swaleh Mula at Nile Star Coaches office Bombo Road on 21st August 2024

Waswa at Sure House Bombo Road, Kampala, on 8th May 2024

Appendix B:

Interview Guide for Insurance Companies

Dear respondent, this interview guide is designed to research the efficacy of motor vehicle insurance (third party) insurance settlements in Uganda. The information collected shall be kept confidential. Your co-operation will be highly appreciated. Thank you.

PROFILE OF THE RESPONDENT

Name.....

Gender.....

Place of work.....

Age.....

Profession.....

1. What is the procedure for claiming payment under motor third-party insurance?
2. On average, how many motors third-party claims do you receive monthly?
3. On average, how many claims are paid in a month?
4. Do you think the number of literate third-party claimants is more than that of the illiterate?
5. How long does it take for a claim to be paid?
6. Do you offer third-party motorcycle insurance policies (commercial boda bodas)?
7. If yes, in 6 above, do you think most boda bodas have third-party insurance?
8. What challenges are faced by claimants claiming third-party compensation?
9. what can be done to make compensation easy for accident victims under motor third-party insurance?

Appendix C:

Interview Guide for Drivers

Dear respondent, this interview guide is designed to conduct research on the efficacy of motor vehicle insurance (third party) insurance settlements in Uganda. The information collected shall be kept confidential. Your co-operation will be highly appreciated. Thank you.

PROFILE OF THE RESPONDENT

Name.....

Gender.....

Place of work.....

Age.....

Profession.....

1. Do you have a driving permit/license?
2. Do you own a car or motorbike?
3. Who is your third-party insurance service provider?
4. What do you do when you get involved in a vehicle accident?
5. How do you solve the problem of causalities arising from an accident caused by yourself?
6. What third-party insurance
7. Why do you pay for third-party insurance?
8. What is your opinion on the performance of third-party insurance in Uganda?
9. What recommendation do you have for the good performance of motor vehicle third-party insurance?

Appendix D:

Questionnaire for accident victims with unsuccessful claims

Dear respondent, This interview guide is designed to conduct research on the efficacy of motor vehicle insurance (third party) insurance settlements in Uganda. The information collected shall be kept confidential. Your co-operation will be highly appreciated. Thank you.

PROFILE OF THE RESPONDENT

Name.....

Gender.....

Place of work.....

Age.....

Profession.....

1. How did you come to know about third-party insurance?
2. What procedure did you use to claim Motor third-party compensation?
3. What happened to your application for compensation for Third party insurance?
4. What challenges did you face in the compensation process?
5. How much did you spend in hospital bills?
6. What recommendations do you give concerning motor third-party insurance?

Appendix E:

Questionnaire for Uganda Insurers Association

Dear respondent, this interview guide is designed to conduct research on the efficacy of motor vehicle insurance (third party) insurance settlements in Uganda. The information collected shall be kept confidential. Your co-operation will be highly appreciated. Thank you.

PROFILE OF THE RESPONDENT

Name.....

Gender.....

Place of work.....

Age.....

Profession.....

1. What role do you play in the insurance business in Uganda?
 2. What role do you play in motor vehicle third-party insurance?
 3. What is the performance of third-party insurance according to your reports?
 4. What have you done to close the loopholes of third-party motor vehicle insurance claims?
- What recommendations do you give about motor third-party insurance?

Appendix F:

Questionnaire for Successful Claimants

Dear respondent, this interview guide is designed to conduct research on the efficacy of motor vehicle insurance (third party) insurance settlements in Uganda. The information collected shall be kept confidential. Your co-operation will be highly appreciated. Thank you.

PROFILE OF THE RESPONDENT

Name.....

Gender.....

Place of work.....

Age.....

Profession.....

1. How did you know about third-party insurance?
2. What procedures did you take when claiming compensation?
3. What document did you file to receive compensation?
4. How many days did it take you to receive compensation from the time of filing?
5. How much did you get, and how much was your total hospital bill?
6. What recommendations do you give concerning motor third-party insurance?

Appendix 1G:

Interview Guide

Dear respondent, this interview guide is designed to conduct research on the efficacy of motor vehicle insurance (third party) insurance settlements in Uganda. The information collected shall be kept confidential. Your co-operation will be highly appreciated. Thank you.

PROFILE OF THE RESPONDENT

Name.....

Gender.....

Place of work.....

Age.....

Profession.....

Insurance Regulatory Authority.

1. Comment about compliance and complaints reports in relations to Motor Vehicle (Third Party Risks) Insurance compensation to accident victims?
2. According to the reports, are compensations satisfactory to accident victims?
3. What has the authority done in relations to settlements relating motor vehicle (Third Party) Risks Insurance?
4. What plans does the authority have in relations to third party insurance for motor vehicles?
5. What recommendations do you have for the proper running of motor third party insurance in Uganda?

Appendix H:
Claim Form



Motor Accident Claim Form

1. This form is issued without admission of liability on part of the Company.
2. All questions on this form must be answered.
3. Neither owner nor driver may admit fault or liability for accident.
4. Do not answer communication about this accident. Direct these to the Insurance Company for action.
5. Repairs must not be authorized without prior authority of the Insurance Company.

POLICY HOLDER	Name:		Telephone No:	
	Address:		Business / Occupation:	
POLICY	Number:		Expiry Date:	
	Name of Hire Purchase or Finance Company:			
VEHICLE	Make & Model:		HP/CC	Year of Manufacture:
	Reg. No. of Vehicle:		Carrying capacity	
	Reg. No. of Trailer:		Carrying capacity	
	Name and Address of Owner:			
	Name and Address of Owner:			
	Owner of Goods:			
USE	State the exact purpose for which the vehicle was being used at the time of accident			
DRIVER	Name:		Occupation:	Actual Date of Birth:
	Address:		Telephone No:	
	Is he employed by you?		How long has he been in your service?	
	Is he employed by you?		How long has he been driving Motor Vehicles?	
	Was he in any way to blame for the accident?		Did he admit liability?	
	Has he had any previous accidents?		If so, How many and approximate date	
	Please state your previous insurer, if any:			
	Does he hold a full provisional license to drive this vehicle?			
	If full, State date when driving test was first passed:			Number:
	ACCIDENT	Date:	Time:	am/pm
Type of road surface:		Visibility:	Wet or Dry:	
What lights were showing on your vehicle?				
What warning did your driver give?				
Estimated speed before accident		Weather conditions:		
Did Police take particulars?				
If so, give Constable's number and Police station				

<p>PLAN OF ACCIDENT</p>	<p>Draw a sketch (stating approximate measurements) showing position of vehicles and persons concerned and the direction in which they were travelling. Also, show type and position of traffic sign marks, Pedestrian crossings and any other relevant information.</p>
<p>DRIVER STATEMENT</p>	<p>(If space provided is not enough, please attach statement separately)</p> <p style="text-align: right;">Signature of Driver:</p>
<p>STATEMENT BY OWNER OR POLICY HOLDER</p>	
<p>DAMAGE TO INSURED VEHICLE</p>	<p>State briefly apparent damage:</p> <hr/> <p>(In all cases where your vehicle is damaged and you are entitled to claim under your policy, please send at once to the insurer's an estimate of repair)</p> <p>Repairer's name and address:</p> <hr/> <p>Is the vehicle still in use? When and where can it be inspected?</p>

OTHER VEHICLES AND PROPERTY DAMAGE	Name and address of Owner	Reg. No.	Name of Insurer	Other Property Damaged
	1.	1.	1.	1.
	2.	2.	2.	2.
PERSONS INJURED	Name and address	Relationship to Policyholder	If Driver or Passenger Reg. No Vehicle	Apparent Injuries
	1.			
	2.			
INDEPENDENT WITNESSES	Name		Address	
	1.			
	2.			
PASSENGER IN YOUR VEHICLE	Name		Address	
	1.			
	2.			

I/We DECLARE that these particulars are true and correct and undertake to forward immediately (and answered) any correspondence relating to this accident.

Date:

.....

(Signature and Stamp of Policyholder)

Appendix I:

MTP Certificate

THE REPUBLIC OF UGANDA
MOTOR PRIVATE 1003483250
MTP CERTIFICATE OF INSURANCE

Name of Policyholder:	MR STEPHEN KANWAGI
Policy No:	UAP OLDMUTUAL 3480087
Reg. No. & Make:	UBF 4180 TOYOTA PASSO
Seating Capacity:	FIVE
Gross Weight:	1175KGS
Chassis No:	KGC100112049
Premium Charged:	68,100/=
Start Date/Time:	26th JULY 2024
End Date/Time:	01st AUGUST 2025
Issuing Company:	UAP OLDMUTUAL UGANDA
Issuing Officer:	SUSAN
Signature:	SM

VALID FOR 12 MONTHS