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#### INVISIBLES: INSURANCE

#### Compensation of victims of motor accidents: Alternative legal systems for developing countries

Study by the UNCTAD secretariat

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## ANNEX

List of experts who took part in the meeting on Motor Insurance in Developing Countries: Search for Alternative Legal Systems

## INTRODUCTION

1. In its resolution 19 (IX) of 3 October 1980, the Committee on Invisibles and Financing related to Trade (CIFT) requested the UNCTAD secretariat to prepare a study on the third party liability automobile insurance, in view of the adverse experience of this class of business in many developing countries.

2. Pursuant to this request, two studies were prepared and submitted to CIFT at its tenth session in December 1982. The first study, entitled "Problems of motor insurance in developing countries" (TD/B/C.3/176) examined the problems facing insurers in this field and proposed various solutions to them within the legal framework governing the compensation of road traffic victims at the present time. The second study, prepared by Mr. A.R.B. Amerasinghe of Sri Lanka, at the request of the secretariat (TD/B/C.3/176/Supp.1), dealt with issues associated with motor insurance, and examined some of the advantages and drawbacks for the developing countries of different systems of compensation, especially those based on "no fault".

3. These two studies were considered in depth by CIFT at its tenth session. In view of the social, legal and technical considerations involved in the subject of motor insurance, CIFT adopted resolution 23(X) requesting the UNCTAD secretariat to prepare further in-depth studies on the alternative legal systems applicable to the compensation of motor accident victims, taking into consideration the social aspect of motor insurance, the responsibility of insurers and the interests of the insurance industry. The present study has been undertaken in response to that request.

4. On the preparation of this study the UNCTAD secretariat had the benefit of two invaluable contributions, of Professor A. Tunc of Paris University and Professor B. Webb of Georgia State University respectively. The former dealt with the legal aspects, while the latter was concerned with the actuarial implications of possible changes in the system of compensation.

5. In view of the importance of the subject, the Secretary-General of UNCTAD convened a group of experts in law, insurance and actuarial science 1/ to examine the draft study. Acting in their personal capacity, the experts provided invaluable information on the alternative legal systems and their impact on the insurers, the insured and the victims of road traffic accidents. The final version of the text was prepared by the secretariat, which assumes the responsibility for it.

6. The study comprises two substantive chapters and a final chapter containing conclusions. Chapter I considers four possible legal systems applicable to the compensation of victims: the fault system, the presumption of fault system, the no-fault system and mixed systems based on no-fault and full-fault compensation. Each of these systems is considered according to its merits and demerits. The criteria adopted for drawing conclusions in this respect are the following:

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1/ See annex 1 for the list of participants.

- to compensate the maximum number of road victims;
- to compensate them promptly;
- to compensate them equitably;
- to avoid excessive administrative costs;
- to avoid substantial increases in the cost of insurance;
- to allow insurers a reasonable profit margin.

7. Chapter II highlights the possible impact on the cost of insurance of changes in the system of compensation for motor accident injuries. The cost changes are considered from two standpoints: the first is the effect on the total cost of compensating motor accident victims; and the second is the effect on the redistribution of the cost of the compensation system.

8. This study is meant for the developing countries and takes into account their specific characteristics. The problems of some of them call for drastic measures to improve the operation of this class of insurance, and to achieve an equitable compensation for all accident victims. However, since the purpose of the study is to search for alternative legal systems, it refrains from advocating a specific solution. This unbiased approach to the various systems of compensation can undoubtedly help each developing country to choose the system best suited to its particular situation.

## Chapter I

### ALTERNATIVE LEGAL SYSTEMS FOR COMPENSATION OF MOTOR ACCIDENT VICTIMS

9. In responding to the request made in resolution 23 (X), this study will disregard the compensation of property damage, since losses arising from such damage rarely have drastic consequences for an individual.

As regards personal injury and death, it will consider (a) the various types of losses which may be suffered by victims and their respective priorities; and (b) the possible basis of compensation. Finally, consideration will be given to the financing of compensation for the victims of unidentified or uninsured drivers.

#### A. The various types of losses

10. Before consideration can be given to the grounds on which a decision may be made as to whether the damage feisor should bear the burden of compensation, it is necessary to enumerate the various types of losses that may be suffered by a victim and their order of priority for compensation. If a balance is to be maintained between the receipts and disbursements of motor insurance, compensation of some types of losses may need to be sacrificed for the benefit of others.

##### 1. Cost of medical care, pharmaceuticals, prostheses and personal and vocational rehabilitation

11. These costs are the inevitable result of any significant bodily injury. Whenever a victim is entitled to compensation, he or she must be reimbursed, particularly if social insurance and health services are inexistent or inadequate. In addition, it is very desirable that the victims should receive medical care without delay and that rehabilitation should be undertaken as soon as possible.

12. Against this, it must be accepted, however harsh such a restriction may appear, that compensation should be provided only "to a reasonable degree" or subject to some other, comparable limit. For example, it should not be thought unacceptable, in certain situations, for an elderly victim to be left with a slight limp as the result of an accident. The money it would take to eliminate that limp completely could be more usefully employed elsewhere in the health field.

##### 2. Temporary loss of wages or of professional income

13. An accident frequently gives rise to a temporary inability to work and this may, in the case of a wage-earner or a professional person, entail a loss of earnings. It is obviously desirable that compensation should be provided for such a loss.

14. It must, however, be observed that a temporary disability does not automatically entail a loss of income. Civil servants and, in some instances, office employees too will continue to receive their salaries or wages if the disability is not protracted. Compensation should therefore be provided only if there is an effective loss.

15. As an economy measure, compensation might be paid only if the disability lasts for more than a certain period or, under a somewhat more restrictive system, once a certain period has elapsed. This is justified by the fact that it is not

generally desirable for insurance to come into play for minor damage, as the operating costs in such an event are out of proportion to the amount of compensation. Hence, consideration might be given to paying compensation only for loss of wages or income resulting from a disability lasting more than, say, five days. The institution of such a rule might, however, encourage victims to delay their return to work, perhaps with the complicity of a doctor. It would therefore be more prudent to adopt the more stringent course of reducing by five days the period for which disability compensation is paid. Furthermore, some people are in dire need of compensation as from the first day.

### 3. Economic consequences of permanent disability

16. It often happens that victims whose degree of injury has been ascertained - that is, persons who after treatment reached a stable condition - are left with a permanent, partial or total disability which may, in turn, cause a loss or diminution of wages or professional income. In these cases, too, compensation is due.

17. As before, however, there is not always a loss or reduction of earnings in such instances. Most civil servants and many office workers will suffer no change in their remuneration even in the event of a serious disability that would have marked financial consequences in some other activity. Once again, payment from an insurance scheme will be justified only where there is a real and proven loss of earnings.

18. With this last remark in mind, schedules of compensation could be introduced. Under such schedules, each infirmity would be held to correspond to a certain degree of disability and a table would show the standard amounts of compensation to be paid to victims according to their degree of disability and their age, or even according to these two factors plus the victims' earnings. Such a system would have the advantage of great simplicity and, for that reason, should be considered by developing countries. There is a danger, however, that it might lead to unjustified or insufficient compensation of a victim because of failure to take into account the particular nature of his or her work. More precise redress would be ensured through a system of compensation in concreto. But such a system entails delays and sometimes litigation.

19. Once again, if the victim's actual earnings are to be taken into consideration, it might be decided, as an economy measure, that victims should bear part of their loss. The case of small losses can be ruled out from this point of view. An employer is hardly likely to reduce by a mere 5 per cent the wages of an employee who suffers from a partial disability. He would either maintain the salary at its initial level, or reduce it more substantially. This leaves two other ways of saving money under an insurance scheme.

20. First, it could be decided that compensation for loss of earnings will be provided only to the extent of, say, 95, 90 or even 80 per cent. While limitations of this kind are not desirable "in themselves", they may help to achieve a balanced motor insurance scheme. Second, it could also be decided that loss of earnings compensation will be paid only below a certain wage or income ceiling. The question is whether motor insurance should cover all losses of earnings, or whether persons with a particularly high income should not themselves guarantee its maintenance by means of a personal insurance. The second course seems fully justified, particularly in developing countries. It is impossible to specify at what level the earnings ceiling should be set. Developing countries might wish, in order to maintain motor insurance premiums at a moderate level, to exclude all earnings that substantially exceed the national average. This type

of system has been in use in Algeria since 1980. <sup>2/</sup> Such a limitation would have the advantage of encouraging voluntary insurance, which is in itself a desirable objective.

21. Another problem has to be settled: should the compensation be paid as a lump sum or as an annuity? Payment of an annuity is clearly the natural method of compensating for the loss of periodic income. However, payment of a lump sum seems necessary in developing countries, not only for the sake of its simplicity, but in order to protect victims against monetary erosion. Such payment is also closer to the expectations of victims. It has the further advantage of facilitating economic reorientation by enabling victims to set up or buy a small business.

#### 4. Economic consequences of a death

22. As in the case of injury, the death of an accident victim entails expenses and, in some instances, loss of income. It would seem natural to repay funeral expenses within reasonable limits. It would also seem fair, for humanitarian reasons, that, in cases where the victim's activities were a source of income for the family, those who actually benefited from such income should receive a replacement compensation which need not necessarily be 100 per cent, but might, perhaps, amount to 90 or 80 per cent (see paragraph 19 above) and be subject to a ceiling (see paragraph 20 above). Consideration might be given, despite the somewhat arbitrary nature of the measure, to the cessation of payments from the time when the deceased would have reached the age of, say, 65, if he had been employed.

#### 5. The case of victims with no wages or professional income

23. Whether an accident causes injury or death, the economic loss it causes will be more difficult to assess if the victim was not gainfully employed. The question arises first and foremost with regard to children. A child could have helped its parents to cultivate the family holding. It could also have gone to a college or university and trained to earn a living that would have benefited its immediate relatives. It seems hardly feasible, however, to provide compensation for the economic loss occasioned to such relatives by a child's death or disability.

24. The question often arises too in the case of the "housewife" or the person who, while having no profession, works the family plot to assure the family's subsistence. In the developing countries, where solidarity is more deeply rooted than in the industrialized countries, there is often likely to be no economic loss to the relatives of a victim; the work will continue to be done, either by the victim - albeit with more difficulty - in the event of slight or medium disability, or by a relative in the event of serious disability or death. However, there will not always be a replacement for the victim in the last two cases, and it would seem fair to grant those members of a family who suffer from the absence or disability of the direct victim an allowance based on the hypothetical minimum wage to which the victim was entitled.

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<sup>2/</sup> See "Moves to reform the legal systems governing motor accident victims' compensation in developing countries" (TD/B/C.3/191).

25. On the other hand, it would seem appropriate to consider an elderly person who no longer worked regularly, or at all, as having had no economic value even if he or she still rendered some service from time to time.

6. Physiological consequences of permanent disability

26. The above deals with the consequences of bodily injury or death solely from the economic standpoint. It is generally agreed that the principal objective of a system for the compensation of motor accident victims should be the compensation of economic loss. If the breadwinner of a household is killed, the essential requirement is to secure for the family, without delay, the equivalent income of which it will have been so abruptly deprived, or at any rate a large proportion of it.

27. However, consideration must also be given to the non-economic consequences of damage, particularly adverse physiological effects. If, as the result of an accident, a person loses a limb or is left with some kind of disability, should that person be compensated and, if so, how? Compensation is justified for such losses but it is not essential. If insurance premiums do not suffice to compensate all losses, it would seem appropriate to provide compensation for economic losses as a priority.

7. Other non-economic losses

28. What should be done as regards suffering caused by injuries or treatment, aesthetic impairment, suffering caused by the death, disability or suffering of a loved one, etc.? Caution and thrift seem to be even more important in this field than in that of physiological damage. However, aesthetic impairment when serious is perhaps the kind of non-economic damage for which the payment of some compensation is most justifiable.

B. Legal bases of compensation

29. Four possible legal systems exist for the compensation of road accident victims, each capable of variations. They are:

1. the fault system;
2. the presumption of fault system;
3. the no-fault system;
4. a mixed system of basic no-fault compensation and full fault compensation.

1. The fault system

30. Under the fault system, the victim of a traffic accident receives compensation only to the extent to which he or she is able to prove that the accident was caused by the fault of the driver (or, exceptionally, that the car was defective due to someone's fault).

31. This system is the first which comes to mind. It appears "natural". It is simply the application of the idea that a person should be liable for the consequences of his or her fault, but that no one should be held liable for a fault he or she has not committed. However, this philosophy may not be adequate for the phenomenon of accidents in general and traffic accidents in particular:



this is a point which will be discussed (see paras. 33, 47, etc.). Still, this inadaptation has to be demonstrated. The first reaction when an accident has occurred is to ask: "Whose fault is it?" and it is hard to uproot the popular feeling that justice is done when the question is answered.

32. This system, however, entails serious practical inconveniences for the victims and is, in fact, far from doing justice to them. As regards its practical consequences: (a) Most victims are left without compensation. This is particularly unfortunate in developing countries, where social security and personal insurance protection are either non-existent or very restrictive. (b) In all countries, the precise circumstances of the accident, from circumstances which the behaviour of the parties can be assessed, are usually unclear. Thus the outcome of the dispute (whether in court or out of court) between the victim and the tortfeasor (or insurer) depends upon the presence or absence of witnesses, upon their impartiality and their clarity of expression. This is part of the "negligence lottery" which has been denounced almost universally. However, the situation of developing countries in this respect is the most serious owing to the high rates of illiteracy and the deficiency of police services (see TD/B/C.3/176/Supp.1, para. 63). In this context the concept of fault as a basis of liability leads to distorted consequences bearing no resemblance to reality. (c) As a result of that situation, the insurers of the tortfeasor in developing countries are systematically tempted to decline their responsibility to a greater extent even than in developed countries. The victim is thus left with the alternative of renouncing compensation (or accepting a grossly unfair sum or bringing the case to court, with all the delays, expenses and uncertainty entailed by a law suit, which are even more noxious in developing than in industrialized countries. (d) The assessment of damages in developing countries, and, in particular, non-economic damages, is not based on realistic factors. Unequal consideration by courts causes disparity in the awards. This situation is exacerbated when the victims are poor and they accept any settlement under pressure of need, while some privileged people with money to pay lawyers are often able to obtain high awards.

33. As applied to accidents, in particular traffic accidents, liability for fault is far from ensuring that justice will be done. (a) Liability for fault is fully justified when someone has made a deliberate choice between possible modes of behaviours. This is not the case in accidents. Accidents occur against the will of the author, who frequently becomes a victim, whether they are work accidents or even traffic accidents, and there is often a tragic disproportion between the fault and its consequences. A pedestrian may be killed because of a split-second lack of attention. Is it just to refuse any compensation, as if his or her "fault" deserved the death penalty?

34. It should also be noted that, in the context of accidents, liability for fault has no deterrence value. (b) There is an inherent contradiction in the application of the fault liability to traffic accidents. Fault is currently defined as a form of behaviour that departs from the behaviour of a reasonable man, a good citizen. Unfortunately, traffic accidents are caused every day by good citizens. They are guilty of no more than an oversight, a fleeting lack of attention, an unfortunate reaction to a danger. These are errors, regrettable indeed, but statistically unavoidable on the part of the best drivers or the most careful pedestrians. They are part of human nature: errare humanum est. It is a contradiction to call them "faults" and an injustice to apply to them the legal consequences of a fault. For instance, when a driver is killed in a collision, it is a tragic injustice to refuse all compensation to the family and to leave the family in financial distress because it may be proved

that the driver, faced by the danger, by a natural reaction applied the brake whereas the collision would have been avoided if he or she had used the accelerator. (c) Because traffic accidents are "accidents" and not the result of deliberate decisions, liability insurance is available to drivers of motor vehicles and indeed is often imposed by the State.

35. Consequently, the application of the fault principle to traffic accidents is purely fallacious. The driver who kills or injures someone does not incur any civil liability: he or she is entirely protected by the insurer. The only person who is accountable to society for his or her behaviour and who bears the consequences of the fault principle is the person who has been killed or injured. Whether from the point of view of deterrence or on the grounds of justice, the system is basically paradoxical and unjust.

36. Finally, the point should be stressed that the fault system does not logically admit limits to compensation and sometimes does not legally admit them. If the present difficulties of the insurance industry in developing countries are to be cured, limitations to the principle of full compensation are necessary. No attempt should be made to compensate non-economic losses fully (be definition incapable of pecuniary compensation). Perhaps, also, the idea should be admitted that persons with an income well above the average should seek their protection from personal insurance (see para. 20 above).

37. All these adjustments are possible if traffic compensation is placed within the philosophy of realization of a risk. Society is then entitled to adjust compensation to financial resources. No adjustment, on the other hand, is possible if traffic accidents are considered as results of faults. On which ground then would it be possible to refuse full compensation? If an object is stolen, the victim of the theft, whether poor or rich, has the right to recover it. Similarly, if someone is injured as a consequence of a fault, he has the right to full compensation, whether he is a poor peasant, a wealthy trader or a foreigner who has spent years of the country's average per capita national income in order to enjoy a week in a luxury resort.

38. The conclusion thus seems inescapable that the fault system, when applied to traffic accidents, is highly favourable to the tortfeasors of damages (and even more when coupled with liability insurance), utterly unfair to the victims, and detrimental for the insurers notwithstanding the fact that the number of victims compensated by them is limited.

39. The question may then be asked how it is possible that the system remains in force in many developed and developing countries, particularly those influenced by British common law. The truth is that in the United Kingdom the system operates over and above a large network of social protection. The National Health Service provides, free of charge, complete medical and rehabilitation care to every victim of a traffic accident. Other social security schemes provide for reasonable compensation of wages lost. The victim is then at liberty to decide whether he or she has a good chance to win in the "negligence lottery". As remarked by Professor Harry Street, <sup>3/</sup> the system of traffic accident compensation would be unbearable if there was no social protection underneath it. Notwithstanding this basic factor, the system is

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<sup>3/</sup> Elliot and Street, Road Accidents (1968).

widely criticized. Reform has been advocated by the Pearson Commission (1978) and by a number of most eminent judges and jurists. 4/

40. Despite the shortcomings of the fault system based on the tort concept, several measures could be introduced to improve the system, namely:

(a) Measures to compensate a greater number of victims by including categories of victims excluded from the protection of insurance, such as passengers who are travelling free of charge in vehicles as well as the families of drivers. These inclusions have been effected in most European countries;

(b) Measures to compensate accident victims through the operation of Indemnity Funds, when the person responsible for the accident is either not insured or is unknown;

(c) Measures to speed up compensation procedures by obliging insurers to make payments in advance to victims where the responsibility is clear. It may also be possible to speed up the settlement of cases by proposing arbitration as a first step, before going to court;

(d) Measures to facilitate recourse for the victims against the insurer, by establishing the direct responsibility of the insurer. This can be achieved by allowing the victims to address themselves to the insurer of the driver who caused the accident, and by prohibiting the insurer from using means of defence against the victim. It is clear, however, that none of these measures are able to correct the shortcomings of the fault system to a really effective extent.

## 2. The presumption of fault system

41. Since motor vehicles are inherently dangerous, a number of countries, following the example given by Denmark as early as 1903, have created a presumption of fault bearing on the operator (or the owner or holder) of motor vehicles. This is the case of France and her former colonies.

42. The system is capable of numerous variations, as regards not only the person on whom the presumption bears but also and more especially the events that will discharge it. Reference can be made to natural events of a certain magnitude or to the behaviour of third parties. However, the most natural solution is to consider the victim's behaviour in order to discharge the motorist fully or partially.

43. The merit of the system, compared to the previous one, are obvious. As the burden of proof would be placed on the motorist (or the insurer), the situation of the victim would be improved and more victims would be able to obtain compensation. Otherwise, however, the defects of the previous system (see paras. 32-39 above) are hardly remedied. In particular:

(a) The victim will be at a disadvantage due to all the delays, expenses and uncertainties resulting from the dispute, as well as the superior bargaining position of the insurer;

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4/ See J.R. Spencer, "Motorcars and the rule in Rylands v. Fletcher: a chapter of accidents in the history of law and motoring" (1983), C.L.J. 65.

(b) The assessment of damages will remain subject to unequal consideration by courts and a disparity between the amounts received by victims would continue to exist;

(c) The disproportion between the victim's "fault" and its consequences is not alleviated;

(d) The confusion between "fault" and mere "error" is not avoided;

(e) The presumption of fault maintains tort liability entirely, so it would not be possible to suggest any limitation of the compensation. The system has the additional practical defect in developing countries of increasing the burden on the insurance industry without bringing it any relief.

44. While the system of the presumption of fault is still in operation in France and other European countries, it is nevertheless widely criticized. In France, a recent decision of the court limits the reasons for waiving this presumption of responsibility and a commission was set up in 1981 to prepare a bill providing for automatic compensation of pedestrians, cyclists and passengers of vehicles victims of accidents, with the exclusion of the driver. This system of presumption of fault was also the one adopted in 1973 by the European Convention on Civil Liability for Damage Caused by Motor-Vehicles. However, no State has yet ratified this Convention.

45. Some possibilities may exist within the tort and the presumed liability systems which could improve the performance of motor insurance, such as the application of the deductibles, the introduction of the bonus/malus system, the recovery of indemnity from the insured when he or she causes an accident as a result of gross negligence on his or her part, and more efforts in the field of loss prevention. 5/ These measures may have some positive impact on the motor insurance results, but will not change them drastically. Moreover, deductibles may bring prejudice to poorer victims.

### 3. The no-fault system

46. A pure no-fault system is a system which provides compensation to all traffic accident victims in complete disregard of the behaviour of the parties. In the Province of Quebec, for instance, such a system has been operating without any qualification since 1978. 6/ Most other countries (e.g. Sweden, Israel, Algeria) admit some exceptions, for instance against the driver victim who was under the influence of alcohol or narcotics, or who had stolen the car or had committed a serious fault. Nevertheless, it may be convenient to consider that such exceptions are no more than variations of the "no-fault" system. The Iraqi law of 1980 is also very close to a no-fault system, even though it admits a larger number of exceptions and does not provide for automatic compensation of the personal injuries (short of death) suffered by a driver without being

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5/ See document TD/C.3/176.

6/ See Claude Belleau, in André Tunc (ed.) Pour une loi sur les accidents de la circulation (1981), p.205 et seq.

involved in a collision. Some States of the United States have adopted "no-fault" laws. However, in addition to the benefits of the no-fault (basic benefits), they maintain the right of the victim to obtain a supplement of indemnity on the basis of the fault concept. Thus, their systems fall into the fourth category considered in paragraph 57 below.

47. The philosophy of a pure no-fault system is that accidents are the realization of the risks created by motor vehicle traffic; that drivers and pedestrians alike are always liable to commit errors which, in an unfortunate combination of circumstances, cause accidents; and that the behaviour of the parties to an accident is only one factor among others (the environment, the safety standard of the vehicles, etc.) in its occurrence. More precisely, while it is true that the fault (as opposed to mere error) of one of the parties may be a decisive factor in causing the accident, this is exceptional. For instance, research conducted by the American Insurance Association found fault to be a factor in less than 5 per cent of the cases of collision and less than 10 per cent of the cases of accident without collision. The conclusion of the Association was that it would be a great waste of time and money to try to single out the cases in which the victim had committed a fault, in order to reduce or refuse the compensation.

48. This conclusion is especially relevant in developing countries where, as already remarked, it is particularly difficult to ascertain the conduct of the parties to an accident; and where, moreover, road infrastructure, the vehicles' condition and the difficulty of providing emergency treatment are factors which, even more than in the industrialized countries, reduce the importance of behaviour in the occurrence of losses.

49. Perhaps it should be remarked that the no-fault system was not conceived as a theory. Traffic accidents, like work accidents, were first dealt with in the context of liability for fault. It was the observation of the working of the system which revealed its practical deficiencies (see paras. 32-38 above) and led to reflection on the reasons for its inadequacy. The shortcomings of the fault system were first realized at the end of the nineteenth century as regards work accidents and, in some countries, at the beginning of the twentieth, as regards traffic accidents. However, as regards traffic accidents, what was initially advocated most of the time was presumption of fault. It was not until 1932 that a thorough study of the matter was made by Columbia University and that a no-fault system was advocated in the famous Columbia Report.

50. The merits of a no-fault system are obvious. (a) It provides compensation to all accident victims. The victim thus avoids the "negligible lottery". His or her fate no longer depends on the presence, impartiality and clarity of thought of witnesses, nor on a fortunate or unfortunate reaction to an unexpected danger. Only the proof of the occurrence of the accident and of damage attributable to that accident would be necessary. (b) The delay for payment of the compensation may be drastically reduced, from years to weeks or even days, mainly when the system is coupled with a system of schedules fixing the amounts payable for different injuries (see para. 52 below). Even in the absence of such schedules, a no-fault system would assure all victims of immediate coverage of all medical, pharmaceutical and rehabilitation expenses. To the extent that automobile insurance covers loss of wages and income, the insurer may also be required to give immediate compensation or at least immediate provisional compensation. As to the discussion of the victim's actual losses, in the absence of schedules this is a point that will be much more easily settled

than that of the "liabilities" in the accident. Speed of settlement is particularly valuable in developing countries, where the level of social security and personal insurance protection is very low. (c) The system permits direct compensation of the driver and passengers by the insurer of the car; this "first party" procedure accelerates the settlement and saves administrative expenses. It should be underlined that the institution of no-fault has no bearing on the number of accidents. Apart from dramatic cases in which a very poor person may wish to be slightly injured in order to receive a modest compensation, no one will be influenced by the system of compensation in force to kill or injure someone, or to be injured. Deterrence of dangerous conduct is a task for the police and the penal courts, and is outside the realm of civil compensation. Furthermore, a no-fault system eliminates the risk that a penal court may sentence a driver for the sole purpose of assuring compensation to a victim, or deprive a victim of compensation because it refuses to sentence a driver. The system, therefore, is all in favour of the victims; it provides all of them with swift and inexpensive compensation and avoids the injustices inherent in the application to accidents of the fault principle.

51. The system is also favourable to the insurers. While the fault system and the presumption of fault system inevitably lead to full compensation, a no-fault system is compatible with every scheme of compensation. In Sweden, the law provides for full compensation. In New Zealand, where a no-fault system is applied to all accidental injuries and to professional diseases, the law provides for generous compensation (usually in the neighbourhood of 85 per cent of the economic losses). In Algeria, in Israel and in Quebec, the compensation is much more limited.

52. It is submitted that this flexibility is particularly necessary in developing countries in order to assure an equilibrium between the premiums and disbursements of automobile insurance. If the resources are small, the law could provide for coverage of medical, pharmaceutical and rehabilitation expenses only, and even set some limits to these expenses, when necessary. When the resources are larger, compensation of loss of wages or income could be provided for, with a low ceiling to start with and a higher ceiling later on. The system would even admit compensation of non-economic losses (physical damage and suffering, disfigurement, suffering caused by the death of a loved one) in accordance with some form of schedule if such compensation appears desirable. By its inherent flexibility as regards the items and levels of compensation, a no-fault system permits every country to organize its compensation scheme with due consideration for the possible level of automobile premiums and the expectations of its population.

53. Obviously, a limited scheme of compensation would induce nationals of the country with an income significantly above the average to take out a personal insurance, which would increase the resources of the insurance industry for the benefit of the national economy. Foreigners should be notified at the country's borders, of the system of compensation in force and given the opportunity to take out a temporary personal insurance.

54.(a) It should be remarked perhaps that there is no reason why a no-fault system should necessarily lead to socialization of the insurance industry. State insurance and private insurance have merits and demerits which it is not appropriate to dispute in this study and which furthermore may vary from one country to the other. There is for instance, State insurance in some no-fault countries such as Algeria and Iraq, and also in the no-fault Canadian Provinces

and private insurance in various others, such as Israel, Norway and Sweden. In France, proposals for a no-fault system have never been made in conjunction with the idea of the socialization of insurance.

54. (b) Finally, the system is favourable to the State. It is in the interest of the State that all citizens be protected against traffic casualties, and that victims of the risks created by motor vehicles be taken care of at the expense of automobile owners and not of the citizens at large. There is inherent justice in the idea that the "Automobile should pay its way through society".

55. However, a number of criticisms have been made of the "no-fault" system, viz:

(a) The system does not guarantee full compensation, as in the case of tort liability. The answer is that it might provide full compensation if a country is able and willing to adjust the insurance premiums to the necessary level.

(b) In cases of collision between vehicles, the logical result of abolishing tort liability is the disappearance of the insurer's right of subrogation against the tortfeasor, which would further burden the insurers and would lead to increases in premiums. The answer is that the right of subrogation might be maintained between insurers as, otherwise, the insurer would at the same time be deprived of, and protected from, the right of subrogation. Insurers would probably be led to establishing a right of subrogation between them according to certain objective criteria (type of vehicle, weight, power, etc.) which would save them a great deal of administrative expense.

(c) In the context of the economic situation of developing countries, automatic compensation of victims may result in the deliberate provoking of injuries in motor accidents in order to obtain compensation.

(d) The system does not give satisfaction to the prevailing, even if perhaps irrational, feeling that the victim is victim of a fault and should receive full compensation. Hence the value of a mixed system.

56. In order to safeguard the situation of the victims, the following measures could be introduced:

(a) the ceilings of compensation could be periodically reviewed in order to adjust them to changes in the cost of living, and to changes in the capacity of the insurance market to pay higher compensation. 7/

(b) compensation could be limited to economic losses only, i.e. medical and rehabilitation expenses, loss of earnings and death benefits, thus excluding pain and suffering, except perhaps for mutilation and disfigurement, and symbolic indemnities could be fixed for such damages;

(c) for the sake of simplification and practicability and in order to avoid the negative impact of erosion of money values, indemnities could be paid in the form of lump sums and not in annuities;

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7/ See the chapter on the Philippines in document TD/B/C.3/191.

(d) if there are some other sources of compensation for injuries resulting from motor accident (e.g. workmen's compensation, pension schemes, etc.), indemnities could be reduced by the amounts received from these sources in order to prevent victims from being compensated twice for the same loss.

#### 4. The mixed system

57. The mixed system is a two-tier system. It provides limited compensation, originally to many victims and, in the modern version, to all victims. But, in any case, it offers victims access to full compensation if they can prove a fault on the part of the author of the damage and, in the modern version, if the damage is of a certain magnitude.

58. Germany was probably the first country to have adopted a mixed system. A statute of 1909 provided for a rather complicated two-tier system of compensation. The victim was protected by a presumption of fault bearing upon the "holder" of a car, rebuttable only under rather exceptional circumstances. But the protection was limited to a certain amount of damages. The victim could obtain full compensation only upon proof of a fault. The 1909 Act has been amended a number of times. Its principles, however, remain valid. As a matter of fact, courts have imposed an unattainable degree of diligence upon drivers. A reform of the system is now being studied at the request of the Federal Minister of Justice.

59. As already mentioned, half the States of the United States have adopted another mixed system, inspired by Keeton and O'Connell's Basic Protection for the Traffic Victim (1965). All victims are covered within limits which may vary from a few hundred dollars to \$100,000. But, after a certain threshold of damage (which again varies widely, and may be expressed by a descriptive term - such as "important" - or by a certain amount of medical expenses), victims may obtain greater compensation (i.e. full compensation at the exclusion of some non-economic losses), if they can prove fault. While the German system was a combination of "presumption of fault" and "fault" systems, this one is a combination of the "no fault" and "fault" systems.<sup>8/</sup> A combination of basic no-fault compensation and full fault compensation was also adopted by Costa Rica in 1973, Brazil in 1974, the Philippines in 1974 and India in 1982. In those countries, compensation for death in the no-fault scheme is usually in the neighbourhood of \$US 1,000. <sup>9/</sup>

60. The merit of the system is obvious. It assures every traffic victim of a basic protection, and also satisfies the general feeling that every victim of a fault should receive full compensation. On the other hand, the system inevitably reintroduces at least some of the defects of the fault system. The law should make it clear that, within the basic protection level, the victim's fault will never be taken into consideration. This is not only because the victim, from a human point of view, may need this protection whatever has been his or her behaviour, but also because the victim's rights should be protected from contestation, with the delays and pressures which result from this.

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<sup>8/</sup> On the American scene, see Josephine G. King, "The statutory architecture of State no-fault systems", 4 Pace Law Review, 297-403, 1984.

<sup>9/</sup> See TD/B/C.3/191.



61. Even with this safeguard, however, a mixed system presents many defects that are inherent in the fault system. (a) It exposes insurers to claims that may or may not be justified, with all the administrative expenses resulting from the settlement of such disputes. (b) It assures full compensation to persons who do not need such compensation, e.g. wealthy people who may already be covered by large personal insurances. (c) Even if it were possible to avoid unjustified or unnecessary payments (which it is not), scarce resources which might be used much more profitably in the no-fault scheme would still be diverted by the system toward the "negligence lottery" and its administrative expenses. (d) The danger even exists that the basic compensation payable under the "no-fault" scheme might be used to pay recourse to courts for full compensation.

62. It is submitted that these defects of the mixed system would be reduced (not eliminated) if compulsory insurance were to apply only to the basic protection of the traffic victims, leaving every car owner the choice of whether or not to insure the liability resulting from the fault of the driver. This is the scheme in force in Brazil where the ceiling for compensation for bodily injury or death was, as at 31 December 1983, 1,214.912 cruzeiros (\$US 1,235) per victim, and in Costa Rica where this ceiling was 40,000 colones (\$US 916). 10/

63. In such a case, the insurers would not have to increase the premiums of compulsory insurance in order to be able to carry the cost of liability for fault. They would be free to adjust the premiums of the optional coverage to its cost. To be realistic, the average car owner, in a developing country, would not take out the optional insurance. If he has some wealth, the accident might be a tragedy for him as well as for the victim. In the contrary case, the victim would not receive the compensation provided by law (or would receive it from some Indemnity Fund, but such a Fund would need significantly increased financing - see para. 65 below). This system, therefore, would be far from perfect. However, it might be considered a compromise for countries which would not consider it possible to enact a pure no-fault system.

#### C. Compulsory insurance and indemnity fund

64. Effective protection of victims requires a system of compulsory liability insurance (or automatic insurance under a State insurance scheme, as in Iraq). Furthermore, as a significant proportion of car owners will not comply with their duty to take out an insurance (or to pay the required premiums), an indemnity fund should be set up, either by the insurers or by the State, which will pay compensation to the victims of an unknown or uninsured and insolvent driver. Such funds exist in a small number of developing countries only and, in most of them, have met with difficulties. They are, however, of primary importance and every effort should be made to render them more effective. They need not necessarily be State bodies.

65. The countries that adopt a mixed system of compensation have the choice between compulsory insurance coverage restricted to the no-fault level or extended to the fault liability level (see para. 62 above). Obviously, in the latter case, the insurance premiums will be significantly higher, and consequently, the number of uninsured drivers will be greater.

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10/ Ibid.

66. In the countries that choose to extend compulsory insurance to the coverage of fault liability, a further choice occurs, i.e. to make the indemnity fund guaranty the no-fault compensation only or the fault liability compensation as well. In the latter case, the problem of financing the indemnity fund will be much more acute. In any event, most developing countries find that car owners are disinclined to comply with the duty of taking out a liability insurance and paying the premiums. Their first task is obviously to do what they can to obtain a higher degree of compliance.

67. The indemnity fund, which may be organized within the framework of a private automobile insurance system, could be financed from various sources:

(a) a fine to the benefit of the fund on the driver or owner of an uninsured vehicle, when a police control reveals that the vehicle is not insured, or only when an accident reveals that the vehicle was not insured;

(b) in the same circumstances, a right of recovery by the fund of the insurance premium of the year, or even of the insurance premiums of the last three years, unless the owner of the car can prove that such premiums have been paid;

(c) a tax on insurance premiums;

(d) a tax on the import of vehicles, or also on the production or sale of vehicles, or on their entry into the country;

(e) an annual tax on vehicles;

(f) a modest tax on petrol which affords some advantages: no one can evade it, the amount levied is in proportion to the mileage travelled and, approximately, to the horsepower of the vehicle. But it does present some disadvantages as well, since it is levied on both insured and the uninsured motorists. This scheme was applied in Quebec until very recently;

(g) a subsidy from the State.

68. Each of these sources of financing has merits and demerits which vary from one country to another. Each country should determine which sources are more appropriate and see how they should be combined. Reliance on one source only would probably be an invitation to fraud.

## Chapter II

### THE COSTING OF ALTERNATIVE LEGAL SYSTEMS

69. One of the primary concerns regarding a shift from the tort liability system to a system that will pay more victims is the cost impact of such a change. The cost impact must be measured both in terms of losses incurred by the number of insureds and in terms of the relationship between benefits and premiums. As regards the methods of predicting the cost impact, it is necessary to construct a data base from experience under the tort system and make assumptions about the changes in the number of victims compensated, the average payments and the proportion of motor accidents in various accident categories.

70. Cost changes must be considered from two aspects. The first, and the one most often discussed, is the impact on the total cost of compensating motor accident victims. However, a change in the compensation system may also have a considerable effect on the cost distribution of the compensation system. For example, motorcycle operators pay rather low premiums under a fault system, but their premiums under a no-fault system are likely to be very high. Trucks, on the other hand, are likely to have high premiums under a fault system but low premiums under a no-fault system. These and other redistributions of costs may be more troublesome than a change in the total cost of the system.

71. For purposes of analysis, motor accidents will be classified as: (a) pedestrians (including bicycle riders) struck by a motor vehicle; (b) the overturning of a motor vehicle or its collision with a tree, bridge or other fixed object; or, (c) a collision between two or more vehicles.

The proportion of each of these classifications within the universe of motor accidents in a country will largely determine the cost effects of a change in the motor accident compensation system.

72. Pedestrians and bicycle riders who are struck by a motor vehicle are usually compensated for their injuries by the driver of the vehicle under the fault system if the driver is insured or is otherwise financially able to provide compensation. Changing the compensation system would not cause a great increase in the number of such persons eligible to receive compensation. If a large number of the motor vehicles in a country are uninsured, the adoption and enforcement of a law requiring insurance for all motor vehicles could increase the number of pedestrians actually receiving compensation for their injuries. Injuries to pedestrians and bicyclists tend to be more numerous in urban than in rural areas, so accidents of this type would be expected to constitute a larger percentage of total accidents in countries where urbanization is well advanced.

73. For accidents in which a motor vehicle strikes a tree or other fixed object or overturns, payment of compensation to the injured persons is much less likely under the fault system. The driver generally cannot be held liable to himself or herself, and even passengers in the vehicle may find it difficult to qualify for compensation under the fault laws of some countries. Also, since such accidents frequently occur at high speed, injuries resulting from them usually are more severe, on the average, than injuries from other kinds of accidents. Consequently, a change in the compensation system could result in a very large change in the cost of motor insurance in countries where such accidents are a large part of the total number of accidents. Injuries from striking fixed objects are more common in rural areas, where vehicle speeds are likely to be

greater. So the increase in total system costs resulting from such accidents would be greater in countries where urbanization is not well advanced.

74. When two or more vehicles collide, the fault system of compensation usually requires the driver who caused the accident to compensate those who were injured. The driver at fault receives no compensation under that system. The laws of some countries may make it difficult for some passengers to qualify for compensation even though the driver with whom they were riding was at fault in causing their injuries. Consequently, a change in the compensation system could provide compensation for many more injured people, with a substantial increase in the cost of the compensation system.

75. This three-category classification of motor accidents could form the basis for a simple model to be used in estimating the over-all cost effect of a change in the system for compensating motor accident victims. The model is outlined in the following table. The numbers used in this table are for purposes of illustration only, and would not be appropriate in the case of many countries and law changes.

Table

A MODEL FOR ESTIMATING THE COST EFFECT OF A CHANGE IN  
THE MOTOR ACCIDENT CLAIM COMPENSATION SYSTEM 11/

(Percentages)

(1)	(2)	(3)	(4)	(5)
Kind of accident	Proportion of all accidents	Change in number of persons paid	Change in average payment	(2) x (3) x (4)
Pedestrians	65	160	80	83
Collision with fixed object	15	180	80	22
Collision of two or more vehicles	20	170	70	24
Total	100			129

76. Column (1) divides all motor accidents into the three categories discussed above. Column (2) shows the proportion of each category of accidents. It has been assumed that 65 per cent of the accidents in the country result from pedestrians (including bicyclists) being struck by motor vehicles, 15 per cent result from vehicles overturning or striking fixed objects and 20 per cent result from the collision of two or more vehicles. Column (3) shows the expected change in the number of persons compensated as a result of the law change. It is expected that the number of pedestrians and bicyclists compensated will increase

11/ The figures in the table are notional and are indicated for illustrative purposes only.

by 60 per cent, the number of persons compensated as a result of vehicles striking fixed objects will increase by 80 per cent while the number compensated as the result of the collision of two or more cars will increase by 70 per cent. Column (4) of the table shows the expected change in the average amount of compensation paid to victims of the three categories of accidents. It is assumed that there will be a decrease of about 20 per cent in the average payment to pedestrians and to persons injured by striking a fixed object and a decrease of about 30 per cent in the average payment to persons injured in the collision of two or more vehicles. The figures in column (5) for the three categories of accidents are found by multiplying columns (2), (3) and (4). The total of 129 shown for column (5) indicates the expected change in total compensation payments under the system. In this case, an increase of about 30 per cent is indicated.

77. The simplified model outlined above is adequate for a rough estimation of the cost effects of changes in the motor accident compensation system, but its accuracy is, of course, heavily dependent on the accuracy of the numbers entered in it. The concepts on which the model is based will be used in the remainder of this paper to estimate the direction, but not the magnitude, of cost changes resulting from various changes in the motor accident compensation system.

78. The changes in the fault system to be explored here are primarily those that will be expected to provide compensation for a larger number of motor accident victims. Any change that increases the number of victims compensated must increase the total cost of the compensation system unless it is accompanied by other changes to reduce the average payment, the frequency of injuries, or both. The increased cost could be offset to some degree by the adoption of deductibles or by limiting the maximum amount of compensation available.

#### A. The presumption of fault system

79. The change from a tort liability system in which fault must be proved to a system in which fault is presumed would increase the number of accident victims compensated for their injuries. Most of the additional people compensated would be from the third category of accidents - collisions involving two or more vehicles.

80. In the absence of deductibles or upper limits on benefits, such a change would increase the cost of the system. The amount of the increase would depend on the details of the new law and the manner in which the old law was administered. The additional cost might be small in some countries.

#### B. The no-fault system

81. Under a motor no-fault insurance programme, all persons injured in motor vehicle accidents will be compensated for their injuries without regard to fault. Even the drivers who are injured in collisions caused by their own fault will be compensated. This will lead to an increase in the cost of insurance. One other major factor in the cost effect of adopting a no-fault law is the amount of non-economic loss (pain, suffering, etc.) paid under the fault-based law that is being replaced. If payments under the existing liability system include a large proportion of non-economic loss, then the change to a no-fault system may reduce the total cost of the motor insurance system, provided the no-fault law results in the elimination or substantial reduction of payments for non-economic loss. If, however, the payments under the existing liability system include a

relatively small amount for non-economic loss, then the additional payments for economic loss under a no-fault system are likely to exceed the reduction in non-economic loss. Consequently, the change to a no-fault system will increase the total cost of motor insurance.

82. Statistics gathered under a liability system are likely to indicate more non-economic loss payment than actually exists because of incomplete information on such loss. The amount of the payment for non-economic loss is usually calculated by deducting the economic loss from the total payment. Consequently, if the reported economic loss is less than the actual figure, the payment for non-economic loss will be exaggerated.

83. Also, single vehicle accidents (overturns and collisions with fixed objects) are likely to be understated in a liability insurance system. Since many such accidents do not involve any liability, they are not reported to liability insurers. Errors in the estimation of non-economic loss payments and single vehicle accidents under the liability system were major causes for errors in the estimation of the cost effects of no-fault motor insurance in the United States. Because payments for non-economic loss had not been as great as was believed under the liability system, the restrictions on such payments under the no-fault system did not produce savings of the magnitude anticipated, and because there were more single vehicle accidents than originally believed, the additional benefits under no-fault automobile insurance were greater than expected.

84. The best available statistics show that the number of motor accident victims compensated increased by approximately 54 per cent when the change from fault to no-fault was made in the United States. This is the average increase for all no-fault States combined. <sup>12/</sup> The percentage change varied from 37 per cent in large cities to 85 per cent in rural areas. The larger increase in rural areas reflects the greater proportion of single vehicle accidents with the vehicle striking a fixed object or overturning in such areas.

85. The statistics from the United States are cited here because they are the only large body of statistics dealing with a variety of no-fault laws. Although they probably cannot be applied directly to developing countries, or even to other industrialized countries, they provide some idea of the limits within which the designer of a no-fault law must work.

86. The substantial increases in the number of persons compensated will result in a substantial increase in the cost of the system unless the average payment is reduced sharply. As one of the features of the system is the abandonment of the search for liability, there is a decrease in legal expenses for the management of the claims. Other reductions in the average payment could result from:

(a) the elimination or reduction of payment for pain, suffering and inconvenience;

(b) the application of deductibles to payments for economic loss. A waiting period is more desirable than a monetary deductible for income loss. For example, there might be no payment for the first two or three days of disability. Payment for disability after the waiting period should be less than the actual income loss sustained to encourage injured persons to return to work as soon as they can; or,

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<sup>12/</sup> For more details, see All-Industry Research Advisory Committee, Automobile Injuries and Their Compensation in the United States (Chicago: Alliance of American Insurers, 1979).

(c) the imposition of relatively low upper limits on payment for economic loss. It should be underlined that a very large majority of motor accident victims have relatively low medical expenses and little or no loss of income. Thus, relatively few persons with very serious injuries account for a large part of the total compensation payment.

1. Other effects of no-fault laws

87. The change from a fault system to a no-fault system, taken alone, will not cause more motorists to insure or bring about any other changes in the behaviour of drivers or passengers. Persons who are so irresponsible as to drive without insurance under a fault system will continue to do so under a no-fault system. If the new act specifically requires all motor vehicles to be insured, and if it is rigidly enforced, the proportion of cars insured will rise. Even then, some motorists will continue to drive without insurance.

88. Some opponents of no-fault compensation systems have claimed that the removal of the threat of liability for fault will cause drivers to be less careful. The experience in countries that have adopted no-fault systems does not support this claim. The change to a no-fault system does not appear to have any effect at all on accident frequency.

C. The mixed system

89. The comments in paragraph 86 above are equally applicable to systems that combine basic no-fault benefits with tort liability. Of course, the reduction in payments for pain, suffering and inconvenience would not be as great if some of the tort liability rules were retained.

90. These comments on the cost effects of changes in the compensation system have been, of necessity, rather general. The exact extent of the change will depend upon the precise nature of the system before and after the change and on social and demographic conditions within the country. The model outlined in paragraph 71 can be used to estimate the magnitude of cost changes more accurately, on the basis of statistics collected or estimated under the existing and proposed systems for the country concerned.

### Chapter III

#### CONCLUSIONS

91. Having described the various legal systems which can determine the method and amount of compensation for road accident victims, it should be stressed that the choice of the most appropriate system is the responsibility of each State and should in principle, be made in the light of the criteria indicated in the Introduction (see para. 6), which reconcile the interest of the victims, the insured and the insurers.

92. However, other basic principles of paramount importance in choosing the type of reform should also be specified. As the insured motorists, victims and insurers will be involved in the operation of such a reform, it is incumbent upon the legislators to conceive it in such a way as to make it efficient. The efficiency should be measured in terms of costs. Since the main objective of motor insurance is to compensate the victims, it is necessary to lower the operating costs to the minimum and to devote the optimum portion of premiums to the payment of compensation.

93. A second requirement in any intended reform is to provide a simple plan which is understandable to the public. This applies in particular to the methods of fixing the premiums and the settlement of losses. Any suspicion of arbitrariness or of exceptions could be detrimental to the operation of the reform.

94. A third requirement in any intended reform is flexibility, in order to meet the constantly changing social needs of the community and to permit adjustments in money values.

95. Some developing countries retain the present legal system to which they are used and make efforts to improve its effectiveness. Even if the classic systems comprise inconveniences as described in the present study, it is preferable to keep them and improve the systems, rather than to introduce badly prepared reforms in haste, or reforms that have defects from the legal standpoint and would raise legal questions and uncertainties. The present systems continue to retain all their worth. The UNCTAD secretariat study on "Problems of motor insurance in developing countries" (TD/B/C.3/176) lists a number of suggestions for improving these systems, which are mentioned in paragraph 45 above.

96. It is for every State to decide what is best in its particular case, so the aim of this study is simply to draw attention to the advantages and disadvantages of the various solutions that are available. The main object is to find a solution that is suited to the conditions of every developing country, that will take account of the need to keep compensation as low as possible and that will ensure equal justice for all.



ANNEX

List of experts who took part in the meeting on Motor Insurance  
in Developing Countries: Search for Alternative Legal Systems

Dr. A.R.B. Amerasinghe  
Secretary  
Ministry of Justice, Colombo

Mr. B. Diop  
Deputy Secretary-General  
Conférence internationale des contrôles  
d'assurances des Etats africains (CICA), Libreville

Professor S. Fredericq  
Chairman  
International Association for Insurance Law, Ghent

Dr. J.F. Morandi  
Professor Titular Ordinario de Derecho Comercial  
en la Facultad de Derecho y Ciencias Políticas  
de la Universidad Católica Argentina  
"Santa Maria de los Buenos Aires"

Dr. M. Rajab  
Counsellor  
State Insurance Organization, Baghdad

Professor A. Tunc  
Centre d'Etudes juridiques comparatives  
Université de Paris I  
Panthéon, Sorbonne

Dr. V. Uzel  
Managing Director  
State Insurance Company, Prague

Professor B. Webb  
Department of Insurance  
Georgia State University, Atlanta

Observers

Mr. J. Cowell  
Deputy Secretary-General  
European Insurance Committee, Paris

Mr. D. Ehlert  
Vice-President  
Allstate International, Inc., Manchester (U.K.)