

Press-release  
10<sup>th</sup> July 2006

## **Every fifth victim of road accident applies for indemnification for losses**

**Latvian Motor Insurer's Bureau (LTAB):** in Latvia every fifth victim of road accident applies for indemnification for intangible and tangible losses incurred to the person. Some of essential reasons why victims don't apply for indemnification are insignificant traumas, ignorance of their own rights, as well as personal acquaintanceship with a person culpable for the accident.

**Baiba Gribuste, LTAB Deputy Director - General:** „Compulsory overland motor third party liability insurance has been introduced in Latvia since 1997, which anticipates indemnification to parties, aggrieved in road accidents, for damages. Since last May the system has been improved and parties aggrieved in road accidents may apply not only for indemnification for tangible losses incurred in the result of treatment, but also intangible losses – financial indemnification for damages through pains and moral anguish.

*Applying for indemnification for either tangible or intangible damages, one should consider that a result, in the greatest degree, depends upon attitude of the aggrieved party or his /her immediate family. Today we have come to conclusion that victims quite passively apply for indemnification for damages. As reasons aggrieved people mention insignificant traumas, lack of information, also personal acquaintanceship with a person culpable for the accident, in this way desiring to protect the culpable person from greater legal and financial liabilities.*”

Since May of last year, when regulations on indemnification for intangible losses to aggrieved in road accidents came into effect, 70 people aggrieved in motor crashes or their immediate families have applied for indemnification for suffered pains and moral anguish. From month to month the number of aggrieved or their immediate families applied for the said indemnification only increases.

But applications for receipt of tangible indemnification for damage incurred to personae last year made about 2000 cases. There have been paid almost Ls 500 000, of which a half – indemnifications for treatment costs.

### ***Limit of indemnification increased from 2 thousand lats till 250 thousand lats***

**Baiba Gribuste:** „At present MTPL Law prescribes that the limit of insurer's liability amounts to 250 thousand lats for indemnification for damages incurred to every person aggrieved in a road accident. The said limit covers tangible and intangible damages of an aggrieved person, losses incurred to public and municipal budget establishments when providing treatment and rehabilitation of aggrieved person, paying allowances and pensions, as well as buying technical aids for aggrieved person. It is necessary to mention that in the beginning of introduction of MTPL system the limit of indemnification was only 2 thousand lats. In about a year it was raised till 4 thousand and later till 10 thousand lats, but, joining the European Union, the limit was considerably raised up to 250 thousand lats.”

### ***In Latvia the limit of intangible indemnification is the highest in Baltic***

In Latvia the limit of intangible indemnification for each person aggrieved in a road accident is the highest in Baltic – Ls 1000. In Lithuania it makes 350 lats (about 500 Euros), but in Estonia – 230 lats (about 5 thousand krone).

### ***Indemnification fro tangible and intangible losses***

Tangible losses are losses that relate to treatment of aggrieved person, temporary disability, invalidity and death. Aggrieved people are being indemnified for losses on treatment at hospitals, rehabilitation or at out-patient medical unit; doctor's visits, examinations, purchase of medication, medical - care products and hygiene products;

prosthesis and endoprosthesis replacement costs; traveling expenses, purchase of technical aids and domiciliary treatment etc..

In connection with temporary or permanent disability after a road accident an aggrieved person is being indemnified for profit lost during disease or invalidity, which are calculated on the grounds of previously made social insurance payments. In such a case it is very important that before an accident an aggrieved person would receive official incomes, but not salary in envelopes.

In a case of death of an aggrieved person there are being indemnified funeral costs to the tune of at least eight minimal monthly wages, also there are being paid indemnification to dependents of the aggrieved person till attaining of majority.

But, intangible damages are damages relate to pains and moral anguish suffered through physical trauma of aggrieved persons, maiming and disability; dependent's, breadwinner's, or spouse's death, dependent's, breadwinner's, or spouse's 1<sup>st</sup> group invalidity. Intangible damages are being indemnified in a way of a single payment.

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