

**THE PERCEPTION OF RESIDENTS WHO LIVE AT BLOCK 6,
APARTMENT TTDI JAYA, SHAH ALAM, SELANGOR
REGARDING THE INCREASE IN INSURANCE PREMIUM
AMONG THE TRAFFIC OFFENDERS.**

THE HEART OF PEARL

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APPROVAL OF PROJECT REPORT

THE PERCEPTION OF RESIDENTS WHO LIVE AT BLOCK 6, APARTMENT TTDI JAYA, SHAH ALAM, SELANGOR REGARDING THE INCREASE IN INSURANCE PREMIUM AMONG THE TRAFFIC OFFENDERS.

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With the name of Allah The Almighty, at last we have finished VIVA project successfully without any great obstacle.

Because of that, we would like to extend our million thanks especially to the lecturers from unit of Insurance who gave as a lot of useful advise and also not forgetting the management and residents of TTDI Jaya Apartment, Shah Alam, Selangor who have give full co-operation to us in order to complete this VIVA project.

In conducting this research, we have gained a wonderful experience and new knowledge.

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ABSTRACT

Based on project title conducted by us, the purpose of this research is a to do a study regarding the perception of residents who live at Block 6 of Apartment of TTDI Jaya, Shah Alam, Selangor regarding the increase in insurance premium among the traffic offenders. The reason on why we choose this project title is because in our point of view, with the existence of this loading system, the increasing accident rate in Malaysia could be reduce as low as possible. Because of that, the drivers or vehicle owners will be more careful when they are driving in order to prevent from having to pay extra insurance premium in the renewal process of license. We choose residents of block 6 of apartment TTDI Jaya as our research is respondents because the majority of the residents own motor vehicles. Based on the research conducted by us trough distributing questionnaire, we found that most of the respondents agreed with JPJ suggestion in imposing higher premium on the frequent traffic offenders. Another reason is because this loading system is flexible because for the disciplined drivers who did not do the road traffic offences, they will enjoy the benefit of only having to pay lower insurance premium. It is hoped, that JPJ's suggestion could be implemented in Malaysia if the government, insurance company and the public has agreed to accept the loading system.

ABSTRAK

Berdasarkan tajuk projek yang dijalankan oleh kami, tujuan kajian adalah untuk mengetahui pandangan dikalangan penduduk yang menetap di blok 6 Apartment TTDI Jaya, Shah Alam, Selangor mengenai cadangan JPJ dalam mengenakan kadar premium yang lebih tinggi kepada pesalah trafik yang kerap melakukan kesalahan lalu lintas. Tujuan kami memilih tajuk projek ini adalah disebabkan dengan adanya 'system loading' ini dapat mengurangkan kadar kemalangan jalan raya di Malaysia yang semakin meningkat. Oleh sebab itu, pemandu dan pemilik kenderaan akan lebih berhati-hati semasa berada di jalan raya bagi mengelak daripada membayar insuran premium yang lebih tinggi. Kami memilih penduduk blok 6 TTDI Jaya sebagai respondent kerana majoriti daripada mereka memiliki kenderaan. Berdasarkan kajian, majoriti respondent bersetuju dengan cadangan JPJ dalam mengenakan premium insuran yang lebih tinggi kepada pemandu atau pemilik kenderaan yang kerap membuat kesalahan lalu lintas. Sebab yang lain pula adalah sistem loading ini fleksibel kerana pemandu yang berdisiplin hanya perlu membayar premium insuran yang lebih rendah. Dengan ini kami berharap cadangan JPJ dapat dijalankan di Malaysia sekiranya kerajaan, syarikat insuran dan orang ramai bersetuju untuk menerima sistem loading ini dilaksanakan.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Nowadays, the rate of accidents is increasing from time to time. Thus, the increasing rate of death among the road users.

Because of that, JPJ had come with a suggestion to implement increase of insurance rate or is also known as loading to the drivers or vehicle owners who always done the traffic offenses. This statement is quoted from an article dated 30th November 2006, Berita Harian.

The purpose of this system is to discipline the drivers so that they can pay low premium thus encouraging other drivers to do the same in order to enjoy this benefits.

However, this solution is only a suggestion from JPJ. It is still under discussion between Persatuan Insurans Am Malaysia. (PIAM) and Bank Negara Malaysia (BNM). If this system could be implemented and approved, JPJ must seek permission from BNM and Ministry Of Finance.

With this research, the researchers hope that this system will be implemented in order to increase the awareness among the drivers and hopefully reduce the rate of accident in Malaysia.

1.2 OBJECTIVE

- 1.2.1 To identify the opinion of the vehicle's owner regarding the increasing premium.
- 1.2.2 To analyze the respondents' opinion regarding the increasing premium between amount of summons received.
- 1.2.3 To study whether the implementation of this system is appropriate in Malaysia.
- 1.2.4 To analyze the possible effects on the road traffic offenders.

1.3 PROBLEM STATEMENT

The research's main issue is to do research regarding the JPJ suggestion to impose higher premium on the traffic offenders in order to reduce the increasing accident rate.

1.4 SCOPE AND LIMITATION OF RESEARCH

1.4.1 Scope Of Research

To do research on the opinion of the drivers and public whether they accept the increasing premium on the traffic offender who makes frequent road offences.

1.4.2 Limitation of Research

Variation of Respondent's Background

- There is a variation in respondent's background.

- There are respondent's who knows well about motor insurance and certain respondent who does not know very well in the field.

Sample used is small

- Sample used to distribute questionnaire cannot be used to represent the whole road users.
- This is because sample used is too small compared to the whole population of the Malaysian drivers.

1.5 BACKGROUND OF RESPONDENT

The researchers respondent comes from people who live at Block 6, Apartment of TTDI Jaya, Shah Alam, Selangor because the majority of the residents own motor vehicles.

Another reason is because the location is convenient for the researchers to distribute the questionnaires.

1.6 DEFINITION OF TERMINOLOGY

1.6.1 Loading

Extra charge imposed on premium that has to be pay by the vehicle drivers based on factors such as age of the vehicle and age of the drivers.

1.6.2 Sum Insured

The maximum cover that is offered by the insurance company in the event of insured loss.

1.6.3 Premium

amount of money that has to be paid by the insured in consideration for the insurer offering protection to them.

1.6.4 Vehicle Driver

Person who drives a vehicles.

CHAPTER 2

LITERATURE REVIEW

Road Transport Department (JPJ) has suggested to implement loading system to the drivers or vehicle owners who always make road traffic offences. This statement is quoted from a "Berita Harian" article dated 30th November 2006

According to Minister of Transportation, Datuk Seri Chan Kong Choy, the loading system will be imposed at the time of purchasing the motor insurance for the purpose of renewing the motor vehicle license. He also said with loading system, the drivers or the vehicle owners who make the road traffic offences will be more careful when they are on the road in order to prevent from paying higher premium insurance. Meanwhile, for the drivers who did not do the road traffic offences, they will enjoy the benefits of paying lower premium thus making this system flexible, added Datuk Chan. However, this suggestion is still in discussion between Persatuan Insurans Am Malaysia (PIAM) and Bank Negara Malaysia (BNM) and also need to be approved by Ministry of Finance and BNM before it could be implemented in Malaysia.

Other than that, citing an article dated 9th October 2006 from The Star, The Internal Security Ministry was in the process of formulating a system in which drivers with many summonses would have to pay increasingly higher insurance premiums. For example, drivers with 60 summonses will have to pay a higher premium compared to those with a few summonses. The purpose of this suggestion, according to its Deputy Minister, Datuk Johari Baharum, it is to prevent people from being reckless on the road and piling up their tickets.

On part of insurance company's opinion, Kurnia Insurans (M) Sdn Bhd Chief Executive Officer Kong Shu Yin support The Internal Security Ministry as it would educate the public to be more careful while on the road and he also thought the proposal would be accepted by the public and the insurance industry as law abiding drivers will enjoy a lower premium compared with the 'bad' ones.

According to the article titled 'Higher premiums among steps to reduce road fatalities' which dated 21st August 2006, The News Straits Times, currently a few insurance companies impose a loading of between 5% and 150% based on the age of the vehicle and frequency of claims, but not on the number of offences committed by the insured. Datuk Emran Kadir, The Road Transport Department (RTD) Director General are considering a proposal from the Road Safety Department and General Insurance Association of Malaysia (PIAM) to slap the frequent road traffic offenders with higher insurance premium. There are two methods used. First, those who keep breaking the law will have to pay higher premiums and second the premium might increase with the number of offences. Emran also added that the proposals was one of the most effective ways to reduce