

## **Report on the period of non-use of a taxi for the insurance company**

### **Compensation principles**

The compensation for a party not at fault in a traffic accident is processed in accordance with the Motor Liability Insurance Act and the Tort Liability Act. Such compensation also includes compensation related to the period of non-use period of a vehicle in professional use. As is the case with all types of damages, the party who sustained damage or injury has rights but also responsibilities.

The motor liability insurance system is based on tort liability jurisprudence, according to which the actual damage or injury is compensated for. The purpose of the standard compensation system of motor liability insurance is to facilitate the processing of claims. However, it does not mean that the party who sustained damage or injury would always have the right to receive standard one- or two-shift compensation, at a minimum, if the incident did not in actuality interrupt the business operations. On the other hand, if the party who sustained the damage/injury considers the standard compensation to be too low, they have the right to demand compensation based on the actual damage.

In addition to the principle of full compensation, there are other principles based on tort liability jurisprudence, such as the principle of indemnity and obligation to limit the damage, that are applied in the compensation for traffic accidents. The principle of indemnity means that the party who sustained the damage or injury cannot achieve a better financial standing due to the accident than without it. The obligation to limit the damage means that the party who sustained damage or injury has the obligation to take action in order to ensure that the amount of damage remains as small as possible.

## **Substitute or leased vehicle**

Using a substitute vehicle or rental vehicle, for example, usually results in a smaller damage than the standard compensation. This is why they should be used in these situations, if possible.

Insurance companies do not require the use of a substitute or leased vehicle in very short periods of non-use of less than 2 days when it is known for sure that the period will not be extended, unless such a vehicle is easy to obtain for use. By contrast, if rendering a vehicle to proper operating condition requires such removal work of equipment and supplies that results in higher costs than the payment of the standard compensation for the period of non-use, the insurance companies do not require the use of a substitute or leased vehicle. If the use of a substitute or leased vehicle is deemed to be necessary, the additional equipment costs of such a vehicle are also covered by motor liability insurance (when necessary).

If the vehicle has been used in business in a normal manner, no loss according to the standard compensation exists. In that case, the actual compensable damage should be determined in accordance with the guidelines concerning the expenses incurred by substitute vehicle leasing, issued by the Traffic Accident Board, or whether it should be based on a capital expenditure for the use of one's own substitute vehicle.

## **Form**

The purpose of the enclosed form is to facilitate and harmonise filing claims for damages for the period of non-use of a taxi with the motor liability insurance company of the party at fault in a traffic accident. When filling in the form, you should keep in mind that taxis are being operated under various forms of business, ranging from private traders with one vehicle to taxi companies with several vehicles.

The form cannot cover all possible scenarios. However, in most cases the questions included in the form help determine how the compensation for periods of non-use should be paid based on the motor liability insurance.

## **Questions**

1<sup>st</sup> question. The purpose is to determine if the vehicle was unfit for use in traffic. For example, minor dents or scratches do not render a vehicle unfit for use in traffic. In that case, the repairs can be carried out later and any parts needed can be ordered in advance for the repairs. A vehicle fit

for use in traffic does not need to be off traffic waiting for the repairs before the scheduled appointment. If the entrepreneur/company deems that a vehicle that is otherwise fit for traffic is, for some reason, not fit for the purpose it is used in (e.g. with contract customers, representative vehicles are required), the insurance company should be informed of the situation by means of taxi services contracts, for example.

2<sup>nd</sup>. question. The purpose of the question is to determine if taxi services were provided with another vehicle during the period of non-use, for example. If the services were not interrupted, no loss of income was incurred either. In that situation, the insurance covers the extra costs, such as the cost of leasing a vehicle, in accordance with the guidelines issued by the Traffic Accident Board. If one's own substitute vehicle was used, the compensation will be a certain capital expenditure-type compensation for the use of the vehicle.

3<sup>rd</sup> question. This question determines whether a standard compensation is being claimed.

4<sup>th</sup>. question. In this section, compensation is claimed in accordance with the actual damage, if the party deems that the standard compensation is insufficient. Variable costs in the income statement are deducted from the return. This is based on the fact that such costs, including fuel, service, tyre and equivalent costs, are not incurred during the period of non-use either. With regard to salary expenses, you should keep in mind that they may be fixed, in other words, when the salary payment obligation exists, these expenses must be paid during the period of non-use as well. In some cases, salaries may be variable, in which case they are not paid during the period of non-use. The report aims to indicate the vehicle's revenue/daily billing, variable costs of the vehicle (fuel, tyres, service and repair costs), salaries and social security payments (separately by full-time and part-time drivers and those on commission).

5<sup>th</sup> question. This section describes the vehicle usage in two shifts. Generally, the number of hours driven is found in the driving shift list, for example. If no driving shift list exists, the information can be provided in some other manner that enables the insurance company to reliably determine that the vehicle is used for taxi services at least 3,600 hours per year.

6<sup>th</sup> question. The purpose of the question is to determine the role of the entrepreneur.

7<sup>th</sup> question. If in reality, an external driver is not paid a salary during the period of non-use, this salary portion will naturally not be compensated for by insurance, since the actual loss due to salary paid against no work performance has not arisen. If salary has been paid, a proof of salaries paid to external drivers must be provided.

8<sup>th</sup> question. Indicate here whether the taxi entrepreneur or a hired driver was injured in this accident and whether he or she receives compensation for loss of income due to personal injury for the period of non-use.

9<sup>th</sup> question. Additional information that may be significant in the determination of the compensation for loss during the period of non-use can be provided on the back of the form or by other means.

## **Claimant's information**

Name

Contact information

Bank account number (IBAN format, 18 digits)

Registration number

Make and model

## **Accident information**

Date and time

Location

Parties

## **Information of the vehicle at fault**

Name

Contact information

Registration number

Make

Model

Motor liability insurance company



8<sup>th</sup> question. The entrepreneur or the driver has been paid or is eligible to receive compensation for loss of income due to a personal injury from, for example, an accident insurance or motor liability insurance for the duration of the period of non-use.

No            Yes

9<sup>th</sup> question. Further information; for example, why a vehicle that is basically fit for traffic use is not suitable for the taxi services provided by the entrepreneur/company.

Date

Signature and name

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