

Review on Korea Auto Insurance Bodily Injury Liability Focusing on Minor Injury

Damage of bodily injury liability in automobile insurance has been growing up to a factor of three since calendar year 1999 while modest increase in insurance premium. Although minor automobile accidents have been growing for last a few decades, Korean regulation on bodily injury liability has not be modified and revised. With the unchanged regulation, moral hazard seems to prevail due to asymmetric information. Favorable compensation compared to injured's severity increases dispute cases as well.

Through the case studies we conclude that medical treatment process for injured party should be objective and transparent, especially for minor accident cases. Medical report should be issued from medical institutes where injured visited, and should be submitted to injurer's insurance company for compensation. Although it would take a while to build up medical treatment process for automobile accident injured like Canada, U.K., Spain, and Italy, medical report and information on injured's severity would help less economic and social burden for bodily injury liability.

More objective treatment process should be accompanied with future medical cost compensation rule, which should be institutionalized. Since future medical cost has been playing a role as "pain and suffering", this would lessen injured driver's overdue medical treatment as literature suggests. Lastly, regulators should find the way how to apply fault ratio on damage of bodily injury liability.