

Road Accident Fund

The Road Accident Fund – in pursuit of excellence

Raising the bar

Ray Hartle

NEWLY appointed Road Accident Fund (RAF) chief executive Dr Eugene Watson says his immediate goal is to reduce the turnaround time on the processing of claims by accident victims against the fund.

Watson was speaking at a RAF outreach into Mdantsane in the Eastern Cape, where more than 800 claimants turned up to check on the status of their claims, and claims worth more than R20 million were settled on the spot.

With a background as a medical doctor and experience as an administrator, Watson was responsible for starting Gems, government's medical aid for public servants. With the business on a "good footing", he says it was time for a change and he joined the RAF in July this year.

His appointment ends the one-year interregnum after the agency lost former CEO Jacob Modise.

Watson acknowledges that backlogs reflect systemic inefficiencies within the RAF's back office.

"We need to see the backlog in the context of the demand for RAF services. Last year, we processed 146 000 claims. The case load is not shrinking.

"Generally there are about 250 000 open claims which haven't yet been settled. The majority of claims are older than two years. Part of my duty is to make the processing of claims more efficient. That will imply structural changes, a review of the systems we employ and generally the performance of the claims handlers."

The outreach programme to communities across the country has been successful in bringing claimants into direct contact with officials dealing with their claims, while also exposing RAF staff to those negatively impacted by carnage on the roads.

The team from the East London RAF office arrived full of anticipation that they would settle some of the big claims which have been on their books. And they were not disap-

pointed. By midday, claims worth R12m had been settled with claimants, with the total for the day topping R20m.

"I wish we could do more," says Watson. That tent (pitched by RAF staff to process queries) is full. People are able to get the assistance and support they need. The only impediment to helping all the accident victims out there, is access. The demand for the services the RAF offers is substantial."

About 800 people queued from the early hours at a school in Mdantsane in the Eastern Cape, to check on claims lodged against the fund. Mothers accompanied sons on crutches. Daughters brought fathers in wheelchairs. While many claimants were hopeful their claims would prevail, some were unhappy with RAF processes.

There were also those suspicious of information they had received from their legal representatives. One young woman, Vuyo Sidindi, broke her arm in a car accident in 2010. Twice she had been referred to attorneys to lodge a claim against the RAF by a medical staffer who treated her at East London's Frere Hospital. The attorneys had told her she would probably receive R50 000 in damages because of her injury. But, after waiting patiently for her chance to check on her claim during the Mdantsane outreach, a distraught Sidindi discovered that no claim had been instituted on her behalf.

Sidindi was told by claims originating staff that her claim probably could not be sustained as her injuries were not significant. Although staffers were keen not to shut the door on her claim completely, suggesting she submit documents, Sidindi was not impressed: "The attorneys are playing with our emotions, because I thought that my money was going to come this year but it seems it is not going to come through," she lamented.

CEO Watson says the outreach programme does not necessarily



Dr Eugene Watson
CEO, Road Accident Fund

bypass attorneys nor diminish the rights of claimants, as many of those queuing to get information on the status of their claims were represented by attorneys.

"We need to show victims that they can come directly to the RAF – we won't undercut you, we're not a private business, we don't partake in the profits. Lawyers may argue that where they represent the victims, the victims get that much more, but in truth that may not happen."

Currently, the RAF pays out R12.5 billion a year, but Watson says at least a third of payouts go to the legal profession in fees.

"I have nothing against attorneys. The RAF Act and its predecessor necessitate the use of attorneys because you need to prove fault, common law principles of delict kick in and there is often a litigation process. But that doesn't mean that people who choose not to go that route should have no other option.

"The direct claiming approach is valuable. You just have to look outside there to see people are in need. The money we're paying out is not only compensation for pain and suffering, this is for loss of support, for loss of earnings, for healthcare that victims need to receive.

"If we have to say to victims: we're here to support you, but first let's go through the legal process, let's establish fault and merit; only then after 1 500 days – the average period for a legal process – are you going to help people who are bedridden, para-

plegics and quadriplegics? What happens in 1 500 days after a husband or wife who is the main source of income has died?

"So, dealing directly with claimants is necessary. The aim is to reduce the amount of time and money spent on processing claims using legal processes."

Watson says RAF lawyers do not unnecessarily prolong litigation. "It's the way the system has evolved. We know that once a matter is in court, it would be reckless not to represent it.

"We must put forward offers that are realistic and fair. The proof of that fairness is we have these people lining up to accept what we are offering them.

"The need to prove who was at fault in an accident meant that professional accident experts, assessors and medical experts became involved. This impacted on time and costs.

"The RAF is the consoling arm of government. (For those) who have been in an accident, the impact has been substantial – financially, socially and in terms of healthcare. We have a burden of poverty, sickness and disease in our country – how would you not want to step in quickly?"

Watson says one of the biggest challenges facing the RAF is the limited resources to meet the huge demand from claimants.

"Our source of funding is limited to one source, based on the fuel levy. There is a lot more being claimed for than the fuel levy can pay."

He is hopeful that alternative sources of income can be identified.

And, while funds may be limited, he says it is time to put to bed the notion that the RAF is insolvent. "For 30 years, the RAF's liabilities have been greater than its assets. But we need to see that in an accounting context. On our balance sheet is a provision for claims that have been incurred – it assumes people who have had an accident and have come to us, and we know that there were

accidents and people just haven't come to claim. The quantum of that potential is well over R40bn. It doesn't mean that it will materialise, but that's our liability and at an accounting level we must reflect it.

"That is why it is technically insolvent which makes great fodder for negative press. Also, the liability can be regarded as the fund's social pledge which still may need to honour 35 000 possible claimants. We collected R16.9bn last year, paid out R12.5bn and we hold cash of R4bn. At that level if you sold fish and chips, it would look profitable.

"We need to manage the communication process. It's going to mean work on our part to articulate a consistent and a clear message about what that liability means."

Watson says the fund needs to explore alternative sources of revenue as well as limiting the benefits that are paid. "We need to think about where we are going to find these sources of revenue. There are examples such as punitive penalties for the people who cause these accidents. It's been a tough economy for the past five years and any requests for additional funds must bear in mind the pressures on the fiscus.

"We need to look at sustainable benefits. Our constitutional mandate says we must support and treat people with dignity, but, as an entity of the government, we must be prudent, efficient and effective." But, he cautions, motorists who whinge about the fuel levy's impact on the petrol price must appreciate that when you drive you are the potential cause of an accident or a potential victim. "The RAF has supported hundreds of thousands of people – high and low income people, black and white, young and old. The benefit is there for all." For at least two claimants, the benefit of the stakeholder outreach to Mdantsane was they could settle their claims on the spot, accepting the offers from the RAF for loss of earnings after losing their husbands.

