



बीमा विनियामक और विकास प्राधिकरण
**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

Ref: IRDA/NL/NTFN/MOTP/066/04/2011

15.04.2011

To All General Insurance Companies
(Except AIC, ECGC, Apollo Munich, Star Health & Max Bupa)

Re: Motor Insurance Premium Rates for Third Party Liability Only Cover

The Authority refers to the Exposure Draft on Review of Motor Insurance Premium rates for Third Party Liability Cover dated 4th January 2011, which was published in its website. Subsequently on receiving responses on the exposure draft, the Authority held series of discussions with the Transporters' Associations and Insurers.

By virtue of the power vested in the Authority under Section 14(2) (i) of the IRDA Act, 1999, it is hereby notified that with effect from 25.04.2011, the rates of premium applicable to Motor Third Party Liability Insurance business shall be as set out in Annexure-I to this notification. The Authority has noted that Motor Third Party premiums were revised in the past at 4/5 year intervals. Such long intervals between rate revisions cast an avoidable strain on policyholders as well as on the insurance companies. Premiums need to be reviewed regularly depending upon the average claims which have been awarded by the various courts, frequency of claims for each class of vehicle and inflation amongst other factors. During the consultation process, certain stakeholders had also suggested that an annual review would ease the burden of adjusting to changes in premia consequent to changes in these financial parameters.

Having regard to the above, after extensive statistical analysis of data for all classes of vehicles, the Authority has arrived at a formula for the revision of rates based on settled parameters as set out in Annexure-II. The parameters built into the formula are i) average claims cost for each class of vehicle (ii) frequency of claims for each class of vehicle and (iii) Cost Inflation Index for the year of review.

Based upon the formula as set out in the Annexure II, the premiums would be reviewed and adjusted annually.

Insurers are advised to be mindful of the concerns expressed by vehicle owners about both the rates and availability of insurance. Considering the mandatory nature of Motor Third Party Insurance, insurers are advised to ensure that Motor Third Party Insurance is made available at their underwriting offices and that requests for insurance are processed expeditiously and policies are issued promptly. The Authority will treat any complaint of non-availability of insurance or use of methods to deny/delay the client seeking insurance cover, seriously.

Insurers are not permitted to cancel the current insurance policies and issue fresh policies to effect new premium rates.

This Notification as well as the enclosed schedule of premium rates shall be prominently displayed on the Notice Board of every underwriting office of the Insurers where it can be viewed by the public.

This Notification is issued in supersession of the Authority's earlier Notification Ref: 043/IRDA/De-Tariff/Jan-07 dated 23rd January 2007.


(J. Hari Narayan)
Chairman

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Motor Third Party Insurance - Schedule of Premium Rates w.e.f 25th April, 2011

		Premium with effect from 25th April, 2011	
Private Cars			
Not exceeding 1000 cc		740	
Exceeding 1000 cc but not exceeding 1500 cc		880	
Exceeding 1500 cc		2750	
Two Wheelers			
Not Exceeding 75 cc		330	
Exceeding 75 cc but not exceeding 150 cc		330	
Exceeding 150 cc but not exceeding 350 cc		330	
Exceeding 350 cc		680	
A1	Goods Carrying Vehicles Public Carriers (other than 3 wheelers)		
	GVW not exceeding 7500 kgs	9400	
	Exceeding 7500 kgs but not exceeding 12000 kgs	9970	
	Exceeding 12000 kgs but not exceeding 20000 kgs	10260	
	Exceeding 20000 kgs but not exceeding 40000 kgs	10550	
	Exceeding 40000 kgs	11410	
A2	Goods Carrying Vehicles Private Carriers (other than 3 wheelers)		
	GVW not exceeding 7500 kgs	8420	
	Exceeding 7500 kgs but not exceeding 12000 kgs	8930	
	Exceeding 12000 kgs but not exceeding 20000 kgs	9170	
	Exceeding 20000 kgs but not exceeding 40000 kgs	9450	
	Exceeding 40000 kgs	10190	
A3	Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles - Public Carriers	2580	
A4	Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles - Private Carriers	2440	
B	Trailers		
	Agricultural Tractors up to 6 HP	380	
	Other vehicles including Miscellaneous & Special Type of vehicles (Class-D)	930	
	(For each trailer, for more please multiply by no.of trailers)		
C1a	Four wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	Basic TP Premium (A)	Premium (Per licensed Passenger) (B)
	Not exceeding 1000 cc	2780	560
	Exceeding 1000 cc but not exceeding 1500 cc	3930	560
	Exceeding 1500 cc	4780	560
	[TP Premium is the total of a basic amount (A) plus an amount derived by multiplying the licensed carrying capacity by the amount in (B)]		

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		Premium with effect from 25th April, 2011	
		Basic TP Premium (A)	Premium (Per licensed Passenger) (B)
C2	Four or more wheeled vehicles with carrying capacity exceeding 6 passengers for hire or reward	5320	380
C1b	Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers [TP Premium is the total of a basic amount (A) plus an amount derived by multiplying the licensed carrying capacity by the amount in (B)]	860	500
C3	Motorized three wheeled passenger carrying vehicles for hire or reward with carrying capacity exceeding 6 but not exceeding 17 passengers [TP Premium is the total of a basic amount (A) plus an amount derived by multiplying the licensed carrying capacity by the amount in (B)]	2630	500
C2	Three wheelers with carrying capacity exceeding 17 passengers. [TP Premium is the total of a basic amount (A) plus an amount derived by multiplying the licensed carrying capacity by the amount in (B)]	5320	380
C4	Motorized Two Wheelers used for carrying passengers for hire or reward		
	Not exceeding 75 cc		500
	Exceeding 75 cc but not exceeding 150 cc		500
	Exceeding 150 cc but not exceeding 350 cc		500
	Exceeding 350 cc		1150
D	Special Types of Vehicles		
	i) Pedestrian controlled Agricultural Tractors with Horse Power rating not exceeding 6 HP; Hearses and Plane Loaders		440
	ii) Other Misc & Spl types of vehicles		1350
E	Motor Trade (Road Transit Risk)		
	i) Distance not exceeding 2400 Kms		840
	ii) Distance exceeding 2400 Kms		1010
F	Motor Trade (Road Risk) (Excluding Motorized Two Wheelers) - [Named Driver or Trade Certificate]		
	1st named driver or certificate		930
	For additional Drivers/Certificates upto 5 (Per driver/certificate)		450
	For additional Drivers/Certificates exceeding 5 but not exceeding 10 (per driver/certificate)		290
	For additional Drivers/Certificates exceeding 10 but not exceeding 15 (per driver/certificate)		250
	Motor Trade (Road Risk) (For Motorized Two Wheelers) [Named Driver or Trade Certificate]		
	1st named driver or certificate		500
	For each additional Driver/Certificate		250

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Annexure-II

The premium for the Motor TP policies shall be determined by using the formula:

$$P(t) = C1(t) * CII(t-1) + C2(t)$$

where P(t) is the Motor TP premium applicable to the financial year 't',

CII(t-1) is the Cost Inflation Index for the year 't-1' as notified by CBDT, and

C1(t) and C2(t) are the parameters applicable to the financial year 't' whose values shall be as determined and notified by the Authority in each financial year based on the experience measured in terms of average claim amounts, frequency and expenses involved in servicing the Motor TP business. The values of the parameters C1(t) and C2(t) may vary according to the class of vehicle.

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