



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

Ref: IRDA/ NL/ NTFN/ MOTP/ 061 / 03/ 2013

Date: 26th March, 2013

ORDER

**of Insurance Regulatory and Development Authority
on Premium Rates for Motor Third Party Insurance Liability Only Cover – 2013-14**

The Authority refers to its notification no. IRDA/NL/NTFN/MOTP/066/04/2011 dated 15th April 2011 on the captioned subject. As per the said notification the Authority had to review the premium rates for motor third party liability only cover and adjust them annually using the formula:

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

where P(t) is the motor third party 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) & 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 Authority adjusted the premium rates for the FY 2012-13 vide its order dated 27th March 2012. As a consequence of this order, one of the affected parties approached the Calcutta High Court against the subject order of the Authority. The Hon'ble Calcutta High Court directed IRDA to disclose the factual data for revision and invite objections which should be taken into account before the rate is actually revised. Accordingly the Authority issued an exposure draft dated 16th February, 2013 on revision of premium rates for motor third party insurance premium rates for the year 2013-14 and inviting comments/ objections from various stakeholders..

The Authority also issued notices in 2 national dailies (Hindu/ Times of India) and 11 regional newspapers drawing attention of the stakeholders to the exposure draft and inviting comments. The exposure draft published data provided by IIB which included no. of policies, no. of claims paid and claims amount outstanding as on 31st March, 2012 for each subclass of vehicles. The



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basic methodology for calculating the revised premium rates used the "Claims Development Analysis of Motor Third Party Claims" of the IIB to project the no. of claims and amounts of claims to their ultimate position. The losses were further adjusted for any trends in frequency and/ or severity. These trends cover inflation, higher awards by the judiciary, legislative change, judicial pronouncements, etc. The estimated premium so arrived was loaded by the management expenses which included both the fixed costs and variable expenses to arrive at the final motor third party premiums to be charged.

The Authority received responses from 67 stakeholders which were examined. As brought out in the exposure draft, in a given vehicle class, there is a wide variation in premium changes amongst the various subclasses. The subclasses were therefore be clubbed together and a flat single revision was considered for the vehicle class as a whole. Based on the above methodology, it was observed that the estimated premium rate increase in some of the vehicle sub-classes over the previous year is much higher. Looking into the sudden & adverse impact on the policyholders of such an increase in rates, and after considering comments on the exposure draft, the Authority decided to moderate the rate increases in the following classes:

- i. Class code 11 – Private cars
- ii. Class code 17 - Goods Carrying Vehicles Public Carriers (other than 3 wheelers)
- iii. Class code 19 - Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Public Carriers
- iv. Class code 21 - Four or more wheeled vehicles used for carrying passengers for hire or reward
- v. Class code 22 - Three wheeled passenger vehicles used for carrying passengers for hire or reward
- vi. Class code 24 - Motorized Two wheelers used for carrying passengers for hire or reward
- vii. Class code 23/ 25 to 27 - Special Types of Vehicles/ Motor Trade (Road Transit Risks)/ Motor Trade (Road Risks)/ Motor Trade Internal Risk only

In accordance with the above and in exercise of the powers vested in the Authority under Section 14(2) (i) of the IRDA Act, 1999, the Authority hereby notifies the premium rates



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applicable to Motor Third Party Liability Insurance business with effect from 01st April, 2013 as given in Annexure "A".

Insurers are advised to be mindful of the concerns expressed by vehicles 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: IRDA/ NL/ NTFN/ MOTP/ 076/ 03/ 2012 dated 27th March, 2012.


26.3.2013
(T S Vijayan)
Chairman



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Annexure "1"

Motor Third Party Premium – Schedule of Premium rates w.e.f. 1st April, 2013

	Premium with effect from 1 st April, 2013
Private Cars	
Not exceeding 1000 cc	941
Exceeding 1000 cc but not exceeding 1500 cc	1110
Exceeding 1500 cc	3424
Two Wheelers	
Not exceeding 75 cc	414
Exceeding 75 cc but not exceeding 150 cc	422
Exceeding 150 cc but not exceeding 350 cc	420
Exceeding 350 cc	804
A1 Goods Carrying Vehicles Public Carriers (other than 3 wheelers)	
GVW not exceeding 7500 kgs cc	13082
Exceeding 7500 kgs but not exceeding 12000 kgs	13968
Exceeding 12000 kgs but not exceeding 20000 kgs	14873
Exceeding 20000 kgs but not exceeding 40000 kgs	14974
Exceeding 40000 kgs	15035
A2 Goods Carrying Vehicles Private Carriers (other than 3 wheelers)	
GVW not exceeding 7500 kgs cc	9690
Exceeding 7500 kgs but not exceeding 12000 kgs	11197
Exceeding 12000 kgs but not exceeding 20000 kgs	9969
Exceeding 20000 kgs but not exceeding 40000 kgs	11470
Exceeding 40000 kgs	12851
A3 Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Public Carriers	4098
A4 Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Private Carriers	3218
B Trailers	
Agricultural Tractors upto 6 HP	418
Other vehicles including Miscellaneous & Special Type of Vehicles (Class-C)	1023
(For each trailer, for more please multiply by no. of trailers)	





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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	3417	657
	Exceeding 1000 cc but not exceeding 1500 cc	5338	657
	Exceeding 1500 cc	6191	657
	{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)}		

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
C2	Four or more wheeled vehicles used for carrying passengers with carrying capacity exceeding 6 passengers for hire or reward	7843	479

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
C1b	Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	1102	527
	{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)}		

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
C3	Motorized three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 6 passengers but not exceeding 17 passengers	2641	527
	{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)}		

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
C2	Three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity	7843	479



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	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)}		
C4	Motorized Two wheelers used for carrying passengers for hire or reward		
	Not exceeding 75 cc		780
	Exceeding 75 cc but not exceeding 150 cc		780
	Exceeding 150 cc but not exceeding 350 cc		780
	Exceeding 350 cc		1794
D	Special Types of Vehicles		
	i) Pedestrian controlled Agricultural Tractors with Horse Power rating not exceeding 6HP, Hearses and Plane Loaders		570
	ii) Other Misc & Spl types of vehicles		1750
E	Motor Trade (Road Transit Risks)		
	i) Distance not exceeding 2400 kms		1088
	ii) Distance exceeding 2400 kms		1308
F	Motor Trade (Road Risks) (Excluding Motorized Two Wheelers) – (Named Driver or Trade Certificate)		
	1 st named driver or certificate		1216
	For additional Drivers/ Certificates upto 5 (per driver/ certificate)		588
	For additional Drivers/ Certificates exceeding 5 but not exceeding 10 (per driver/ certificate)		379
	For additional Drivers/ Certificates exceeding 10 but not exceeding 15 (per driver/ certificate)		328
	Motor Trade (Road Risks) (Motorized Two Wheelers) – (Named Driver or Trade Certificate)		
	1 st named driver or certificate		654
	For additional Drivers/ Certificates		326

