



बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY

IRDA/NL/NTFN/MOTP/054/03/2015

31st March 2015

ORDER

Of

Insurance Regulatory and Development Authority of India

On

Premium Rates for Motor Third Party Liability Insurance Covers for the Year 2015-16

The Authority hereby refers to its notification no. IRDA/NL/NTFN/MOTP/066/04/2011 dated 15th April 2011 whereby the Authority decided to review the premium rates for motor third party liability insurance covers annually using the specified formula:

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

Where,

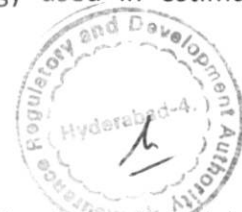
P(t) is the motor TP premium applicable to the financial year 't',

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 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.

It is observed that the cost inflation index (CII) has increased by 9.05 % over the previous year, i.e. from 939 in FY 2013-14 to 1024 in FY 2014-15.

Accordingly, the Authority issued an Exposure Draft no. IRDA/NL/MTP/2015-16/EXDRF dated 09th March 2015 on revision of premium rates for motor third party insurance covers for the year 2015-16 inviting comments on the proposed rates from all the stakeholders concerned. The exposure draft published data provided by the IIB which included no. of policies, no. of claims paid, amount of claims outstanding as on 31st March 2014 for each underwriting year and for each class of vehicle. The methodology used in estimating premium rates was also briefly explained in the exposure draft.



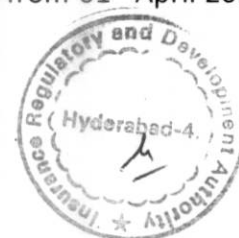
The Authority received the comments from many stakeholders which were examined. Overall, the consumers conveyed their dissent against proposal to increase the rates. The general insurers conveyed that the current premium rates are inadequate and revision in rates matching levels of ultimate loss ratios of the companies is required. The insurers also drew attention to the Authority's direction to provide Ultimate Loss Ratio (ULR) in respect of Declined Risk Pool at 175 % for the year 2013-14.

It is observed that there is a wide variation in premium changes amongst the various subclasses of a given class of vehicle. Based on the above methodology, it is observed that the estimated premium rate increase over the previous year in some of the vehicle classes is much higher. At the same time, some vehicle classes are showing negative change. Looking into the sudden and adverse impact on the policyholders of such an increase in rates and taking into consideration the comments received on the exposure draft, the Authority decided to moderate the rate increases in the following classes:

- a. Private Cars
- b. Two Wheelers - Exceeding 150 cc but not exceeding 350 cc
- c. Goods Carrying Vehicles Public Carriers (Other than 3 wheelers) - Exceeding 20000 kgs but not exceeding 40000 kgs and Exceeding 40000 kgs
- d. Goods Carrying Vehicles Private Carriers (Other than 3 wheelers) - Exceeding 40000 kgs
- e. Four wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers - Not exceeding 1000 cc and Exceeding 1500 cc
- f. Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers
- g. Motorized three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 6 passengers but not exceeding 17 passengers
- h. Special Types of Vehicles

In case of two wheelers - exceeding 350 cc, Goods Carrying Vehicles Public Carriers (other than 3 wheelers) - GVW not exceeding 7500 kgs, and Exceeding 7500 kgs but not exceeding 12000 kgs, Goods Carrying Vehicles Private Carriers (other than 3 wheelers) – except exceeding 40000 kgs subcategory, Motorized Two Wheelers used for carrying passengers for hire or reward, Motor Trade (Road Transit Risks), and Motor Trade (Road Risks), the Authority decided to moderate the rate reductions

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 applicable to Motor Third Party Liability Insurance covers with effect from 01st April 2015 as given in the Annexure "A".



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 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/098/03/2014 dated 27th March 2014

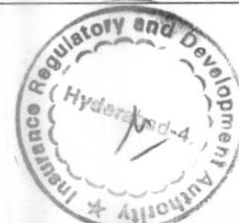


(T S Vijayan)
Chairman, IRDA



Annexure "A"**Motor Third Party Insurance Premium Rates with effect from 01st April 2015**

		Premium with effect from 01st April 2015 (Rs.)
	Private Cars	
	Not exceeding 1000 cc	1468
	Exceeding 1000 cc but not exceeding 1500 cc	1598
	Exceeding 1500 cc	4931
	Two Wheelers	
	Not exceeding 75 cc	519
	Exceeding 75 cc but not exceeding 150 cc	538
	Exceeding 150 cc but not exceeding 350 cc	554
	Exceeding 350 cc	884
A1	Goods Carrying Vehicles Public Carriers (other than 3 wheelers)	
	GVW not exceeding 7500 kgs	14390
	Exceeding 7500 kgs but not exceeding 12000 kgs	15365
	Exceeding 12000 kgs but not exceeding 20000 kgs	19632
	Exceeding 20000 kgs but not exceeding 40000 kgs	19766
	Exceeding 40000 kgs	19846
A2	Goods Carrying Vehicles Private Carriers (other than 3 wheelers)	
	GVW not exceeding 7500 kgs	8721
	Exceeding 7500 kgs but not exceeding 12000 kgs	8868
	Exceeding 12000 kgs but not exceeding 20000 kgs	8972
	Exceeding 20000 kgs but not exceeding 40000 kgs	11149
	Exceeding 40000 kgs	13879
A3	Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Public Carriers	4733
A4	Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Private Carriers	4071
B	Trailers	
	Agricultural Tractors upto 6 HP	483
	Other vehicles including Miscellaneous & Special Type of Vehicles (Class-D), (For each trailer, for more please multiply by no. of trailers)	1238



		Basic Premium (A)*	Premium (per Licensed Passenger) (B)*
C1a	Four wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers		
	Not exceeding 1000 cc	4920	946
	Exceeding 1000 cc but not exceeding 1500 cc	6726	828
	Exceeding 1500 cc	8915	946
C2	Four or more wheeled vehicles used for carrying passengers with carrying capacity exceeding 6 passengers for hire or reward	8235	503
C1b	Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	1333	638
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	3196	638
C2	Three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 17 passengers	8235	503
{*: 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)}			
		Premium with effect from 01st April 2015 (Rs.)	
C4	Motorized Two wheelers used for carrying passengers for hire or reward		
	Not exceeding 75 cc		702
	Exceeding 75 cc but not exceeding 150 cc		702
	Exceeding 150 cc but not exceeding 350 cc		702
	Exceeding 350 cc		1615



D	Special Types of Vehicles	
	i) Pedestrian controlled Agricultural Tractors with Horse Power rating not exceeding 6HP, Hearses and Plane Loaders	690
	ii) Other Misc & Spl types of vehicles	2730
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)	
	1st named driver or certificate	1094
	For additional drivers/ certificates up to 5 (per driver/certificate)	529
	For additional Drivers/ Certificates exceeding 5 but not exceeding 10 (per driver/ certificate)	341
	For additional Drivers/ Certificates exceeding 10 but not exceeding 15 (per driver/ certificate)	295
F	Motor Trade (Road Risks) (Motorized Two Wheelers) – (Named Driver or Trade Certificate)	
	1st named driver or certificate	589
	For each additional Driver/ Certificate	293

