



भारतीय बीमा विनियामक और विकास प्राधिकरण  
INSURANCE REGULATORY AND  
DEVELOPMENT AUTHORITY OF INDIA

IRDA/NL/NTFN/MOTP/060/03/2015

28<sup>th</sup> March 2016

ORDER

Of

Insurance Regulatory and Development Authority of India

On

**Premium Rates for Motor Third Party Liability Insurance Cover for FY 2016-17**

The Authority hereby refers to its notification no. IRDA/NL/NTFN/MOTP/066/04/2011 dated 15<sup>th</sup> April 2011 whereby the Authority decided to review the premium rates for motor third party 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 5.57% over the previous year, i.e. from 1024 in FY 2014-15 to 1081 in FY 2015-16.

Accordingly, the Authority issued an Exposure Draft on 04<sup>th</sup> March 2016 on revision of premium rates for motor third party insurance covers for the FY 2016-17 inviting comments on the proposed rates from all stakeholders concerned. The exposure draft published data provided by Insurance Information Bureau ((IB) of India which includes number of policies, number of claims paid and amount of claims outstanding as on 31<sup>st</sup> March 2015 for each underwriting year and for each class of vehicle. The methodology used in estimating premium rates and also the various factors considered in moderating the actual derived premium rates were also explained briefly in exposure draft.

The Authority examined the comments/ suggestions received from various stakeholders on the draft exposure. Some stakeholders expressed the view that minimum increase in the premium rates should be the increase in Cost Inflation Index (CII) over the year. However, the Authority decided not to increase the proposed premium rates in such cases and keep the premium as proposed in the exposure draft.

After examining the comments, the Authority decided to revise the premium rates as proposed in the exposure draft in the following classes:

- a. Private Cars – Not exceeding 1000 cc
- b. Private Cars – Exceeding 1000 cc but not exceeding 1500 cc
- c. Special Types of Vehicles – Other Miscellaneous & Special types of vehicles

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 rate applicable to the Motor Third Party Liability Insurance covers with effect from 01<sup>st</sup> April 2016 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 through all available channels of distribution. The Authority will treat any complaint of non-availability of insurance or use of methods to deny/ delay the client seeking the 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 & the website of the Insurers where it can be viewed by the public. This notification is issued in supersession of the Authority, earlier notification ref: IRDA/NL/NTFN/MOTP/054/03/2015 dated 31<sup>st</sup> March 2015.



Suresh Mathur  
Senior Joint Director

## Annexure "A"

**Motor Third Party Insurance Premium with effect from 01<sup>st</sup> April 2016**

		Premium with effect from 01st April 2016 (Rs.)
	<b>Private Cars</b>	
	Not exceeding 1000 cc	2,055
	Exceeding 1000 cc but not exceeding 1500 cc	2,237
	Exceeding 1500 cc	6,164
	<b>Two Wheelers</b>	
	Not exceeding 75 cc	569
	Exceeding 75 cc but not exceeding 150 cc	619
	Exceeding 150 cc but not exceeding 350 cc	693
	Exceeding 350 cc	796
A1	<b>Goods Carrying Vehicles Public Carriers (other than 3 wheelers)</b>	
	GVW not exceeding 7500 kgs	14,390
	Exceeding 7500 kgs but not exceeding 12000 kgs	15,365
	Exceeding 12000 kgs but not exceeding 20000 kgs	22,577
	Exceeding 20000 kgs but not exceeding 40000 kgs	24,708
	Exceeding 40000 kgs	25,800
A2	<b>Goods Carrying Vehicles Private Carriers (other than 3 wheelers)</b>	
	GVW not exceeding 7500 kgs	7,849
	Exceeding 7500 kgs but not exceeding 12000 kgs	11,528
	Exceeding 12000 kgs but not exceeding 20000 kgs	9,390
	Exceeding 20000 kgs but not exceeding 40000 kgs	12,821
	Exceeding 40000 kgs	16,655
A3	<b>Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Public Carriers</b>	
	except e-carts	5,680
	e-carts	3,969
A4	<b>Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Private Carriers</b>	
	except e-carts	4,200
	e-carts	3,438
B	<b>Trailers</b>	
	Agricultural Tractors upto 6 HP	510
	Other vehicles including Miscellaneous & Special Type of Vehicles (Class-C), (For each trailer, for more please multiply by no. of trailers)	1,307

		Premium with effect from 01st April 2016 (Rs.)	
		Basic TP Premium (A)	Premium (per licensed passenger) (B)*
C1a	<b>Four wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers</b>		
	Not exceeding 1000 cc	6,396	1,230
	Exceeding 1000 cc but not exceeding 1500 cc	8,408	1,035
	Exceeding 1500 cc	11,144	1,183
C1b	<b>Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers</b>		
	except e-rickshaw	1,733	829
	e-rickshaw	1,125	538
C2	<b>Four or more wheeled vehicles used for carrying passengers with carrying capacity exceeding 6 passengers for hire or reward</b>	10,294	629
C3	<b>Motorized three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 6 passengers but not exceeding 17 passengers</b>	4,155	829
C2	<b>Three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 17 passengers</b>	10,294	629
C4	<b>Motorized Two wheelers used for carrying passengers for hire or reward</b>		
	Not exceeding 75 cc	702	473
	Exceeding 75 cc but not exceeding 150 cc	702	473
	Exceeding 150 cc but not exceeding 350 cc	702	473
	Exceeding 350 cc	1,615	473

{\*: 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 2016 (Rs.)
D	<b>Special Types of Vehicles</b>	
	i) Pedestrian controlled Agricultural Tractors with Horse Power rating not exceeding 6HP, Hearses and Plane Loaders	897
	ii) Other Misc & Spl types of vehicles	3,822
E	<b>Motor Trade (Road Transit Risks)</b>	
	i) Distance not exceeding 2400 kms	1,088
	ii) Distance exceeding 2400 kms	1,308
F	<b>Motor Trade (Road Risks) (Excluding Motorized Two Wheelers) – (Named Driver or Trade Certificate)</b>	
	1st named driver or certificate	985
	For additional drivers/ certificates up to 5 (per driver/certificate)	476
	For additional Drivers/ Certificates exceeding 5 but not exceeding 10 (per driver/ certificate)	307
	For additional Drivers/ Certificates exceeding 10 but not exceeding 15 (per driver/ certificate)	266
F	<b>Motor Trade (Road Risks) (Motorized Two Wheelers) – (Named Driver or Trade Certificate)</b>	
	1st named driver or certificate	530
	For each additional Driver/ Certificate	264

