



Ref: IRDAI/NL/CIR/MOTP/200/12/2018

11<sup>th</sup> December, 2018

To

**ALL GENERAL INSURERS CARRYING ON MOTOR INSURANCE BUSINESS**

**Re: Cover for Compulsory Personal Accident (CPA) for Owner-Driver under Motor Insurance Policies**

The Authority had issued the following circulars with regard to the captioned matter:

1. Circular Ref: IRDAI/NL/CIR/MOTP/158/09/2018 dated 20<sup>th</sup> September, 2018.
2. Circular Ref: IRDAI/NL/CIR/MOTP/170/10/2018 dated 9<sup>th</sup> October, 2018.
2. Feedback has been received from various quarters wherein it has been pointed out that many owner-drivers already have existing general Personal Accident covers which ought to be taken cognizance of. Also, the fact that owner-drivers may own more than one vehicle needs to be taken into consideration in a more rational manner so that the owner-driver does not have to take different policies for the different vehicles that he/she owns.
3. After a detailed examination of the issues, it has been decided, in terms of Section 14(2) (i) of the IRDA Act 1999, to unbundle the Compulsory Personal Accident cover and permit the issuance of a stand-alone Compulsory Personal Accident cover for Owner-Driver. However, if a policyholder chooses to opt for the CPA cover as part of the Liability Only policy or the Package policy as it exists today, he/she can continue to do so. In the event the policyholder chooses to take a stand-alone CPA policy, the CPA cover offered as part of Liability Only or Package policy shall be deleted.
4. With regard to the stand-alone CPA cover, the following are being stipulated:
  - (i) Effective 1<sup>st</sup> January, 2019, stand-alone Compulsory Personal Accident cover for Owner-Driver may be issued. Keeping in view the date of implementation, as an interim measure, insurers may price the product in accordance with their general pricing philosophy, based on actuarial principles for the risk in question. Should the Authority find the pricing approach in variance from their general pricing philosophy/approach and not in line with actuarial principles, suitable direction may be issued by the Authority.



- (ii) The product shall be filed with the Authority in terms of the Product Filing Guidelines dated 18<sup>th</sup> February, 2016 on or before 15<sup>th</sup> January, 2019 failing which the insurer shall not be allowed to sell the product as permitted in 4(i) above beyond that date.
- (iii) 4(i) above may be followed till such time the duly filed product is approved by the Authority. On approval, the product shall be sold on the lines it has been approved.
- (iv) Accordingly, effective 1<sup>st</sup> January, 2019, on expiry of a Bundled CPA cover, it may be replaced with a stand-alone CPA cover and the same may be taken from any registered insurer transacting general insurance business.
- (v) Coverage under the stand-alone CPA will extend to all the vehicles owned by the owner-driver under the same policy. In other words, the cover under the stand-alone CPA policy would be valid when the owner-driver drives any of the vehicles he/she owns.
- (vi) The duration of the stand-alone CPA cover would be one year.
- (vii) The coverage under the stand-alone CPA would continue to be that stipulated under GR 36 A of the erstwhile India Motor Tariff, namely, Death and Permanent Disability (Total and Partial).
- (viii) Since a general Personal Accident cover also includes cover against motor accidents, if an owner-driver already has a 24 hour Personal Accident cover against Death and Permanent Disability (Total and Partial) for CSI of at least Rs.15 lacs, there is no need for a separate CPA cover to be taken.

Please acknowledge this circular and confirm having noted its contents.

This is issued with the approval of the competent authority.

  
11/12/18  
**Yegnapriya Bharath**  
**Chief General Manager (Non-life)**

CC: The Secretary General, General Insurance Council, Mumbai