



Ref: IRDAI/NL/CIR/MOTOD/095/06/2019

Date: 21<sup>st</sup> June 2019

**ALL GENERAL INSURERS (OTHER THAN STAND-ALONE HEALTH INSURERS AND SPECIALISED INSURERS)**

**Re: Cover for Motor Own Damage risks for Cars and Two-wheelers**

This is further to Circular Ref: IRDA/NL/CIR/MOT/137/08/2018 dated 28<sup>th</sup> August, 2018 on implementation of the Directions of the Hon'ble Supreme Court of India in the matter of WP No.295/2012 of Shri.S.Rajaseekaran vs Union of India and Ors.

2. Para 5 (page 2) of the circular sets out the guidelines regarding Motor Own Damage Insurance cover in the context of package products as well as stand-alone motor third party insurance product (wherein a bundled cover was permitted—one year for Own Damage bundled with long term Third Party cover for new Car/ new Two-wheeler, as applicable). Bundling of cover for the OD portion was permitted as an immediate requirement, keeping in view the date of implementation stipulated by the Hon'ble Supreme Court namely, 1<sup>st</sup> September, 2018.

3. Now, the following guidelines relating to Own Damage Insurance cover for Cars and Two-wheelers shall replace guidelines in Para 5 (i) (2) set out in Circular Ref: IRDA/NL/CIR/MOT/137/08/2018 dated 28<sup>th</sup> August, 2018 referred above, relating to annual cover for Motor Own Damage.

- a) Effective, 1<sup>st</sup> September, 2019, insurers shall make available stand-alone annual Own Damage covers (including stand-alone OD cover for fire and/or theft [ GR 45 A and 45 B] if opted for by the policyholder) for Cars and Two-wheelers, both new and old. Consequently, effective 1<sup>st</sup> September, 2019, the issuance of bundled policies for cars and two-wheelers will not be compulsory. Further, insurers will have the option to offer Package policies, in addition to stand-alone OD and TP policies. Long term stand-alone Own Damage policy will not be permitted for the present.
- b) Policyholders have the option to renew the Own Damage component of a bundled cover falling due on or after 1<sup>st</sup> September, 2019, with the same insurer or different insurer, on an annual basis.
- c) For issuance of stand-alone Own Damage annual cover as well as for renewal of the Own Damage component of a bundled cover, insurers shall ensure that OD cover is offered only if a Motor TP cover is already in existence or is taken simultaneously. The name of the insurer, policy number

and the start date and end date of the TP policy shall be indicated in the OD policy document. The Stand-alone Own Damage policy shall clearly mention that the coverage is only for Own Damage and no other liability in connection with the vehicle.

d) The pricing of a stand-alone OD policy shall continue to be that being offered for the OD component of a package policy (the same was followed for the OD component of a bundled product as well).

e) Insurers shall file a Letter of Intent (as at **Annexure A**), through BAP upon receipt of which a UIN would be allotted for the stand-alone Own Damage product/ add-on.

4. Further, the following may be noted with regard to cancellation of long-term Motor TP policy:

With reference to Para 2(iv)(c) of Circular Ref: IRDA/NL/CIR/MOT/137/08/2018 dated 28<sup>th</sup> August, 2018, it is hereby clarified that in the event a vehicle is sold, GR 17 applies. However, should the insured take a motor third party insurance cover from another insurer simultaneously, he or she can cancel the one automatically transferred, provided proof of new insurance is shown. Needless to say, this shall apply to annual package and stand-alone TP policies also.

All other extant provisions applicable for Motor Insurance shall continue *mutatis mutandis*.



**(Sujay Banarji)**  
**Member (Non-life)**



## Annexure A

Insurance Regulatory and Development Authority of India  
Survey No: 115 / 1, Financial District  
Nanakramguda, Gachibowli  
Hyderabad, Telangana.

### **Sub: Letter of Intent to offer Stand-Alone Motor Damage Cover for Private Cars/ Two-Wheelers**

This has reference to Circular Ref No-----dated -----notified by the Authority. In accordance with clause 2 & 3(e) of the above circular, we hereby intend to offer the Stand-Alone Motor Own Damage Policy for Private Car / Two Wheelers on annual basis.

| S No | Product/Add-on Name | Existing annual product/add-on UINs |
|------|---------------------|-------------------------------------|
| 1    |                     |                                     |
| 2    |                     |                                     |
| 3    |                     |                                     |

The Company will abide by the following conditions.

1. The product will comply with the provisions of Circular Ref No: -----dated --- -----.
2. This letter of intent may be treated as submission under Guidelines on Product Filing Procedures for General Insurance Products and UIN may be assigned subject to following conditions.
  - a) The Annual product performance report will be submitted to the Authority by Appointed Actuary (AA) latest by 30<sup>th</sup> June in respect of the preceding year. The Product Management committee will also review the performance of the product annually.
  - b) There will be clear demonstration in the prospectus / brochure, wordings about the conditions, exclusions necessarily using bold letters.
  - c) The product will comply with IRDA (Protection of Policyholder's Interests) Regulations, 2017.
  - d) The Company will strictly adhere to the provisions in the Insurance Act 1938, IRDA Act 1999, Regulations/ Guidelines and Circulars issued from time to time.

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- e) The policy wordings of the product will be sent to the Authority within 7 days of receiving UIN.
- f) The UIN will be used for all documents and publicity materials relating to the above product.

The details of the products are provided in the prescribed BAP product master template.

The statements made above are true and correct. The requirements of the Guidelines on Product Filing Procedures for General Insurance Products dated 18<sup>th</sup> Feb 2016 have been fully complied with in respect of these products.

Place:

Signature of CEO

Date:

