

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION No. 4610
TO BE ANSWERED ON MONDAY, MARCH 23, 2020/CHAITRA 3, 1942 (SAKA)

LINKING OF INSURANCE PREMIUM WITH TRAFFIC VIOLATIONS

4610. SHRI BALASHOWRY VALLABHANENI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory and Development Authority (IRDA) has set up a panel to study how to link insurance premium with traffic violations;
- (b) if so, the details thereof along with the terms of reference given to the panel;
- (c) whether the panel has been given two months time to submit its report;
- (d) if so, whether the report has been submitted and if so, the details thereof along with the recommendations made by the panel; and
- (e) whether IRDA has already started a pilot project in this regard and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): Insurance Regulatory and Development Authority of India (IRDAI) has informed that it had set up a Working Group to examine and recommend linking of motor insurance premium with traffic violations.

(b): The terms of reference of the Working Group were as follows:

- i) To recommend implementation framework and methodology to link insurance premium with traffic violations.
- ii) To study international practices on the subject and recommend best practices suitable to India.
- iii) To evaluate the current point system for traffic violations implemented by States and evolve standard point system considering each traffic violations.
- iv) To develop data fields required to implement traffic violations as rating factor in Motor insurance.
- v) To suggest system of access to traffic violation history data of each vehicle and transfer of data from enforcement authorities to Insurance Information Bureau of India (IIBI) database.
- vi) To suggest modalities for carrying out an immediate pilot project at NCT of Delhi.
- vii) To consider any other aspect relating to the subject.

(c): The Working Group was given time of eight weeks to submit its report from the date of the Order.

(d): Yes, the report has been submitted on 30th November, 2019. A system of introducing traffic violation points has been recommended on the basis of frequency and severity of traffic offences. The owner of the vehicle will be subject to "Traffic violation Premium" depending on the "Traffic violation points" accumulated by him. Traffic violation premium is to be charged only on the policy anniversary, notwithstanding the period of cover.

(e): No
