



बीमा विनियामक और विकास प्राधिकरण
**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

Ref: IRDA/ NL/ NTFN/ MOTP/076/ 03/ 2012

Date: 27th March, 2012

ORDER

of Insurance Regulatory and Development Authority

on Premium Rates for Motor Third Party Insurance Liability only cover – 2012-13

The Authority refers to its notification no. IRDA/NL/NTFN/MOTP/066/04/2011 dated 15th April 2011 on the captioned subject. As per the said notification the Authority had to review the premium rates for motor third party liability only cover and adjust them annually using the formula:

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

where P(t) is the motor third party 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) & C2(t) are the parameters applicable to the financial year 't' whose values shall be as 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.

Accordingly the Authority has undertaken the actuarial review of the premium rates for motor third party liability only cover for different categories of motor vehicles for the financial years 2007-08 to 2010-11. The premium projections for the year 2012-13 are calculated using the average growth rate in severity assuming that the average frequency remains constant. This is also reflected in the actual experience of the data where the claims payout show an upward trend because of increase in court awards, increase in wages, inflation, etc. The frequency of claims shows a steady trend. This is also a reasonably correct assumption as there is no material change in the condition of roads, driving conditions, drivers, etc which may cause the frequency (number of accident per thousand vehicles) to alter significantly.



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The formula as notified earlier has been applied on each of the classification codes as contained in the erstwhile All India Motor Tariff. However, having regard to the range and development of data available for certain classifications, the Authority has moderated the growth in premium for the following class codes:

- i. class code 14 cc code 49 (two wheelers – exceeding 350cc)
- ii. class code 19 (public goods carrying vehicles (3 wheelers))
- iii. class code 20 (private goods carrying vehicles (3 wheelers))
- iv. class code 22 cc code 64 (passenger carrying vehicles (3 wheelers))
- v. class code 24 (two wheelers (hire or reward))
- vi. class code 28 (stand-alone trailer)

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 business with effect from 01st April 2012 as given in Annexure "A".

Insurers are advised to be mindful of the concerns expressed by vehicle owners about both the rates & 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 the 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/ 066/ 04/ 2011 dated 15th April 2011.




J. Haki Narayan
Chairman



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Annexure "A"

Motor Third Party Premium – Schedule of Premium rates w.e.f. 1st April, 2012 (in Rs)

	Premium with effect from 1 st April, 2012
Private Cars	
Not exceeding 1000 cc	784
Exceeding 1000 cc but not exceeding 1500 cc	925
Exceeding 1500 cc	2853

Two Wheelers	
Not exceeding 75 cc	350
Exceeding 75 cc but not exceeding 150 cc	357
Exceeding 150 cc but not exceeding 350 cc	355
Exceeding 350 cc	680

A1 Goods Carrying Vehicles Public Carriers (other than 3 wheelers)	
GVW not exceeding 7500 kgs cc	10902
Exceeding 7500 kgs but not exceeding 12000 kgs	11640
Exceeding 12000 kgs but not exceeding 20000 kgs	12394
Exceeding 20000 kgs but not exceeding 40000 kgs	12478
Exceeding 40000 kgs	12529

A2 Goods Carrying Vehicles Private Carriers (other than 3 wheelers)	
GVW not exceeding 7500 kgs cc	9818
Exceeding 7500 kgs but not exceeding 12000 kgs	11344
Exceeding 12000 kgs but not exceeding 20000 kgs	10100
Exceeding 20000 kgs but not exceeding 40000 kgs	11621
Exceeding 40000 kgs	13020

A3 Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Public Carriers	3415
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A4 Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Private Carriers	2928
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B Trailers	
Agricultural Tractors upto 6 HP	380
Other vehicles including Miscellaneous & Special Type of Vehicles (Class-C)	930
(For each trailer, for more please multiply by no. of trailers)	





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C1a	Four wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
	Not exceeding 1000 cc	3059	588
	Exceeding 1000 cc but not exceeding 1500 cc	4779	588
	Exceeding 1500 cc	5543	588
	{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)}		

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
C2	Four or more wheeled vehicles used for carrying passengers with carrying capacity exceeding 6 passengers for hire or reward	6529	399

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
C1b	Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	1097	525
	{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)}		

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
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	2630	525
	{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)}		

		Basic TP Premium (A)	Premium (Per Licensed Passenger) (B)
C2	Three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 17 passengers	6529	399
	{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)}		

C4	Motorized Two wheelers used for carrying passengers for hire or reward		
	Not exceeding 75 cc	650	
	Exceeding 75 cc but not exceeding 150 cc	650	
	Exceeding 150 cc but not exceeding 350 cc	650	
	Exceeding 350 cc	1495	





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D	Special Types of Vehicles	
	i) Pedestrian controlled Agricultural Tractors with Horse Power rating not exceeding 6HP, Hearses and Plane Loaders	475
	ii) Other Misc & Spl types of vehicles	1458

E	Motor Trade (Road Transit Risks)	
	i) Distance not exceeding 2400 kms	907
	ii) Distance exceeding 2400 kms	1090

F	Motor Trade (Road Risks) (Excluding Motorized Two Wheelers) – (Named Driver or Trade Certificate)	
	1 st named driver or certificate	1013
	For additional Drivers/ Certificates exceeding 5 but not exceeding 10 (per driver/ certificate)	490
	For additional Drivers/ Certificates exceeding 10 but not exceeding 15 (per driver/ certificate)	316

	Motor Trade (Road Risks) (Motorized Two Wheelers) – (Named Driver or Trade Certificate)	
	1 st named driver or certificate	545
	For additional Drivers/ Certificates	272

