



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

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Premium Rates for Motor Third Party Insurance Liability Only Cover – 2013-14

As per the Authority's order no. IRDA/NL/NTFN/MOTP/066/04/2011 dated 15th April 2011, the Authority has to review and adjust the premium rates for motor third party insurance covers annually based on the formula as given hereunder:

$P(t) = C1(t) * CII(t-1) + C2(t)$ 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 may be recalled that the Authority had reviewed and adjusted the premium rates for the FY 2012-13 vide its order no. IRDA/ NL/ NTFN/ MOTP/ 076/ 03/ 2012 dated 27th March 2012. It may also be recalled that the Authority issued an exposure draft dated 16th February, 2013 on revision of premium rates for motor third party insurance premium rates for the year 2013-14 and invited comments/ objections on the proposed rates from all the stakeholders. The notice regarding the issuance of exposure draft and displaying of the same on the IRDA website was given in all leading newspapers (English/ Regional Languages). The detailed calculation of $C(1)$ and $C(2)$ parameters for each of the sub-classes and that of the class as a whole was undertaken.

The Authority received responses from stakeholders which were examined. As brought out in the exposure draft, in a given vehicle class, there is a wide variation in premium changes amongst the various subclasses. The subclasses were therefore be clubbed together and a flat single revision was considered for the vehicle class as a whole. Based on the above methodology, it was observed that the estimated premium rate increase in some of the vehicle sub-classes over the previous year is much higher. Looking into the sudden & adverse impact on the policyholders of such an increase in rates, and after considering comments on the exposure draft, the Authority decided to moderate the rate increases in the following classes:

- a. Class code 11 – Private cars
- b. Class code 17 - Goods Carrying Vehicles Public Carriers (other than 3 wheelers)
- c. Class code 19 - Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Public

Carriers

- d. Class code 21 - Four or more wheeled vehicles used for carrying passengers for hire or reward
- e. Class code 22 - Three wheeled passenger vehicles used for carrying passengers for hire or reward
- f. Class code 24 - Motorized Two wheelers used for carrying passengers for hire or reward
- g. Class code 23/ 25 to 27 - Special Types of Vehicles/ Motor Trade (Road Transit Risks)/ Motor Trade (Road Risks)/ Motor Trade Internal Risk only

The percentage increase in motor third party premium rates for the different vehicle classes as under:

S. No	Vehicle Class	% Increase as per exposure draft dt 16.2.13	% Increase as per order dt 26.3.13
1	Private Cars	38.87	20.00
2	Two Wheelers	18.30	18.30
3	Goods Carrying Vehicles Public Carriers (other than 3 wheelers)	30.21	20.00
4	Goods Carrying Vehicles Private Carriers (other than 3 wheelers)	11.02	0.00
5	Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Public Carriers	32.99	20.00
6	Goods Carrying Motorized Three Wheelers and Motorized Pedal Cycles – Private Carriers	9.90	9.90
7	Trailers	10.00	10.00
8	Four wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	12.96	11.69
9	Three wheeled vehicles used for carrying passengers for hire or reward with carrying capacity not exceeding 6 passengers	11.34	0.00
10	Four or more wheeled vehicles used for carrying passengers with carrying capacity exceeding 6 passengers for hire or reward	45.99	20.00
11	Three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 17 passengers	45.99	20.00
12	Motorized three wheeled passenger vehicles used for carrying passengers for hire or reward with carrying capacity exceeding 6 passengers but not exceeding 17 passengers	11.34	0.00
13	Motorized Two wheelers used for carrying passengers for hire or reward	26.43	20.00
14	Special Types of Vehicles	176.45	20.00
15	Motor Trade (Road Transit Risks)	41.75	20.00
16	Motor Trade (Road Risks) (Excluding Motorized Two Wheelers) – (Named Driver or Trade Certificate)	132.59	20.00
17	Motor Trade (Road Risks) (Motorized Two Wheelers) – (Named Driver or Trade Certificate)	132.59	20.00

The overall percentage increase in the motor third party portfolio works out to 18.9%. The above rates will be effective from 1st April, 2013.