



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

Title:Tariff rates

Reference No.:

Date:05/01/2007

There is an erroneous impression that though the Fire, Engineering and Motor Own Damage stand detariffed, the insurers are constrained to charge only 20% less than the erstwhile tariff rate in respect of Fire and engineering and 10% less than the rate obtaining for Motor Own Damage. This impression is presumably based on the two circulars issued by the IRDA dated 29 th November, 2006 and 15 th December, 2006 . These circulars have to be viewed in their proper perspective. These circulars were issued before the insurers filed their revised rates under the “File and Use” procedure under which the Insurers are expected to file their new rates with IRDA giving justification for adopting those rates.

The Insurers indicated that pending approval of rates by IRDA, they have to issue renewal notices to their clients and desired to know what premium should be indicated in those renewal notices. The IRDA indicated that they could reduce rates upto 20% in the case of Fire and Engineering and 10% in the case of motor and if they wanted to adopt any rate lower than these ceilings they have to file the rates and await their consideration by the Authority.

It may thus be seen that reduction of 20% and 10% was only indicative for the limited purpose of sending renewal notices for the month of January, 2007.

The rates filed by the Insurers were reviewed by the IRDA and the approved rates communicated to the Insurers on 30 th December, 2006 . Hence the revised rates along with discount factors are now available to the Insurers and they are free to apply those rates for new business as well as for renewals in the month of January 2007. The interim dispensation of 20% and 10% stands withdrawn with the approval of the rates filed by the Insurers under the “File and Use” system.

Sd./
(C.S. Rao)
Chairman