

Item No. 12

DRAFT IRDAI (Obligations of an Insurer in respect of Motor Third Party Insurance Business) Regulations, 2021

1. The Authority has notified IRDAI (Obligations of an Insurer in respect of Motor Third Party Insurance Business) Regulations, 2015 on 5th June, 2015.
2. The need for revisiting the said Regulation has become imperative due to following reasons:
 - a) The present formula does not indicate or monitor the penetration i.e. percentage of insured vehicles to total vehicles plying on the road.
 - b) The present formula does not ensure increase in penetration under each category of vehicles.
 - c) The treatment of Long-Term Motor Third Party (**MTP**) policies is not addressed.
 - d) Motor TP obligations are not known to the General Insurance companies until middle of the financial year, thereby making it difficult for the insurer to plan their obligations well in advance.
3. Taking the above background into consideration, it was necessary to revisit the existing regulations and streamline them to achieve the larger goal of increase in MTP insurance penetration.
4. Hence, the Authority vide order ref: IRDAI/NL/ORD/MOTP/149/08/2019 dt.: 28.08.2019 constituted the working group to revisit the IRDAI (Obligations of an Insurer in respect of Motor Third Party Insurance Business) Regulations, 2015.
5. The Working Group has submitted its report on 20th April 2020.

6. The working group report was placed on the internet and intranet for stakeholder's comments.
7. Taking into consideration the report submitted by the Working group and the stakeholder's comments, IRDAI (Obligations of an Insurer in respect of Motor Third Party Insurance Business) Regulations, 2015 has been modified.
8. The **modified DRAFT IRDAI (Obligations of an Insurer in respect of Motor Third Party Insurance Business) Regulations, 2020** is placed at **Annexure A**.
9. The comparison with the existing and proposed draft regulations along with the rationale and working example is placed at **Annexure B**.

Given the above, we now place before the Board with a request for in-principle approval to place the exposure draft of the said regulations on the internet for the comments of various stakeholders.