

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (OBLIGATION OF INSURER IN RESPECT OF MOTOR THIRD PARTY INSURANCE BUSINESS) REGULATIONS, 2015¹

In exercise of the powers conferred by section 114A of the Insurance Act, 1938 (4 of 1938) read with Sections 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and section 32D of Insurance Act, 1938, the Authority in consultation with the Insurance Advisory Committee, hereby makes the following regulations, namely:—

1. Short title and commencement of the Regulations.—(a) These Regulations may be called the Insurance Regulatory and Development Authority of India (Obligation of Insurer in respect of Motor Third Party Insurance Business) Regulations, 2015.

(b) These shall come into force on the date² of their publication in the Official Gazette.

2. Definitions.—In these regulations, unless the context otherwise requires:—

- (a) "Act" means the Insurance Act, 1938 (4 of 1938), as amended from time to time;
- (b) "Authority" means the Insurance Regulatory and Development Authority of India established under the provisions of Section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).
- (c) "Insurer" means the insurance companies registered with the Authority and licensed to underwrite direct motor insurance business in India.
- (d) "Motor Third Party Insurance Business" consists of the motor third party insurance business in respect of both, the liability only policies as well as the package policies issued in motor portfolio.
- (e) "New Insurer" means an insurer which has started its business operations during the immediate preceding financial year of the financial year for which obligations in respect of motor third party insurance business are to be fixed.

3. Obligations.—The Obligation of an Insurer in respect to Motor Third Party insurance business for a Financial Year (X) should be arrived as below:

1. F. No. IRDAI/Reg/8/98/2015, dated 2nd June, 2015, published in Gazette of India, Pt. III, Sec. 4, dated 5th June, 2015.

2. Came into force on 5-6-2015.

- (i) Total 'Gross Direct Premium Income (GDPI)' under all lines of business of all insurers in the immediate preceding financial year = A
- (ii) Total GDPI under motor insurance business of all insurers in the immediate preceding financial year = B
- (iii) Insurer's GDPI under all lines of business in the immediate preceding financial year = C
- (iv) Insurer's GDPI under motor insurance business in the immediate preceding financial year = D
- (v) Total GDPI under motor third party insurance business of all insurers during the immediate preceding financial year = E
- (vi) Obligation of the Insurer to be met in a financial year

$$X = \left(\frac{C/A + D/B}{2} \right) \times E \times \frac{90}{100}$$

4. Exceptions.—The new insurer writing motor insurance business licensed to underwrite motor insurance for the first time shall be exempted from the application of the obligatory requirement during first two financial years of its operations including the financial year in which its operations are started.

5. Such insurer shall also be excluded from the calculations for determining the minimum obligatory requirements for other existing insurers for such period till which the minimum obligatory requirements are not applicable to that insurer.

6. Submissions.—Every insurer shall submit the financial returns to the Authority for every quarter of the financial year within forty five days of the end of the quarter as per the Schedule – MTP – A

SCHEDULE

MTP – A (MOTOR THIRD PARTY INSURANCE BUSINESS)

- (i) Name of the Insurer:
- (ii) Registration No. and Date of Registration with the IRDAI:
- (iii) Gross Direct Premium Income during immediate preceding FY:
- (iv) Gross Direct Motor Third Party Insurance Business Premium during immediate preceding FY:
- (v) Statement Period: Quarter ending.....

Items	Amount (Rs)	
	For the Quarter	Up to the Quarter
Gross Direct Motor Third Party Insurance Business		
Premium in respect of liability only policies (L)		
Gross Direct Motor Third Party Insurance Business		
Premium in respect of package policies (P)		
Total Gross Direct Motor Third Party Insurance		
Business Premium (L+P)		
Total Gross Direct Motor Own damage Insurance		
Business Premium		
Total Gross Direct Premium Income		

7. Underwriting of Motor Third Party Risk.—The Regulation (3) stipulates the minimum obligation of an insurer in respect of motor third party insurance business. Notwithstanding this, at no instance any insurer shall refuse to underwrite the “liability only” motor policy covering motor third party insurance risk coming to its office(s).