

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5068
ANSWERED ON:20.12.2002
THIRD PARTY INSURANCE COVER
P. RAJENDRAN

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government are aware of the arbitrary and heavy increase in the premium under the Third Party Insurance Cover, in the Kerala Region, effected by the General Insurance Companies, in gross violation of the norms set by the Insurance Regulatory Authority and Tariff Regulatory Authority;

(b) if so, the details thereof; and

(c) whether the Government propose to reduce the enhanced premium and also to take precautionary measures against recurrence of such abnormal increase?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (ANANDRAO V. ADSUL)

(a) to (c): Premium rates for motor insurance are fixed by the Tariff Advisory Committee (TAC) and not by the Government. TAC is a Statutory Body established under the provisions of Insurance Act, 1938 which functions under the direct charge of Insurance Regulatory & Development Authority (IRDA). Premium rates for motor third party insurance cover have been increased by the TAC w.e.f. 1.7.2002 on the basis of recommendations made by the Ansari Committee. The IRDA is reported to have received some complaints/representations, from some areas including Kerala region, that tariff structure has not been adhered to and that there has been high increase in the tariff. The IRDA has since issued instructions to all the general insurance companies to strictly follow the motor tariff approved by the TAC.