

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2021

ANSWERED ON:08.03.2013

PREMIUM HIKE BY IRDA

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory Development Authority (IRDA) proposes to hike insurance premiums for various segments of vehicles from the next financial year;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the IRDA proposes to make motor insurance optional on the lines of life insurance; and
- (d) if so, the details thereof along with the likely effect of the said move on the insurers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Insurance Regulator and Development Authority (IRDA) has informed that in motor insurance, there are two sections, viz. Own Damage (OD) and Third Party (TP). For OD section of motor insurance, IRDA is not involved in setting or revising the premiums. However, the motor Third Party premium rates are regulated by the IRDA, and the IRDA has issued an exposure draft dated 15th February, 2013 proposing revision of motor TP premium rates for the next financial year (i.e. FY 2013-14).

(c) & (d): The "Own Damage" section of the Motor Insurance is already optional like any other insurance covers. However, as per Section 146 of the Motor Vehicles Act, 1988, the motor third party insurance is compulsory for every vehicle plying on the road.