

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**  
**UNSTARRED QUESTION No. 170**

TO BE ANSWERED ON MONDAY, FEBRUARY 3, 2020/MAGHA 14, 1941 (SAKA)

**THIRD PARTY INSURANCE**

170. SHRI SOYAM BAPU RAO:  
SHRI SELVAM G.:  
SHRI GAUTAM SIGAMAANI PON:  
DR. HEENA GAVIT:  
SHRI DHANUSH M. KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether as per Insurance Regulatory and Development Authority of India (IRDAI) the period for which the insurers can offer long term motor two wheeler insurance policy, if so, the details thereof;
- (b) whether the Government is considering to introduce one-time premium for third party insurance of new vehicle;
- (c) if so, the details thereof and the time by which the one-time premium policy on new vehicle is likely to come into effect;
- (d) whether IRDAI has asked non-life insurers to ensure easy availability of third party motor insurance cover to vehicle owners and if so, the details thereof;
- (e) whether IRDAI has also asked the insurers not to deny any requests for such third party insurance cover by vehicle owners and if so, the details thereof;
- (f) whether many State Governments have complained that cumbersome process of obtaining third party insurance is hampering the implementation of the apex court orders and if so, the details thereof; and
- (g) the other steps taken by the Government to settle the third party insurance claims in a time bound manner?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

**(a) to (c):** Insurance Regulatory and Development Authority of India (IRDAI) has informed that vide Circular No. IRDAI/NL/CIR/MOT/137/08/2018 dated 28.08.2018, effective from 01.09.2018, the General Insurance companies offer third party liability insurance for a duration of five years for new two wheelers, as mandated by the Supreme Court in its order no. 295/2012. The policyholders of two wheelers also have the option of renewal of policy for a period of three year. Besides, the Insurance companies also provide the option of long term package cover including Own Damage Insurance for the new two wheelers for a period of five years.

At present, there is no such proposal with IRDAI to introduce one-time premium for third party insurance of new vehicle.

**(d) to (f):** IRDAI has issued various circulars to the General Insurance Companies from time to time to ensure seamless access and availability of Motor Third Party Insurance cover wherein vide circulars dated 31.10.2002, 29.07.2005, 16.03.2006 and 01.01.2018 issued directions to the General insurance Companies not to deny any requests for third party insurance of the vehicle owners. As such, they have not received any complaint in this regard from any State Government.

**(g):** As far as settlement of insurance claims in a time bound manner is concerned, Ministry of Road Transport & Highways has informed that they have amended Chapter XI of the Motor Vehicles Act, 1988 in which following provisions under section 51 "Chapter XI" has been added through the Motor Vehicles (Amendment) Act, 2019 : -

- i. Section 149 (2) & (3) - requires that the insurance company make an offer for settlement to the claimant within 30 days from receiving information of the accident from the claimant or the Claims Tribunal.
- ii. Section 149 (3) states that if the claimant accepts the offer for settlement, the Claims tribunal shall make a record of such settlement, and the insurance company is mandatorily required to make the payment of compensation within 30 days from the date of such record.
- iii. Section 159 provided that the police officer conducting the investigation into an accident involving a motor vehicle is required to prepare an accident information report to facilitate the settlement of claim, and submit the same to the Claims Tribunal and such other agency as may be prescribed, within three months.

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