

Motor Insurance

Think of a situation where you have bought a new car using all your savings and taken it for a drive. Out of nowhere, a dog comes in your way and to avoid hitting it, you swerve sharply, go over the divider and hit another car and injure the other person. So the outcome of a single incident has resulted in damage to own car, public property and another car as also injury to another person.

In this scenario, if you do not have a car insurance, you may end up paying far more than what it costs to purchase your car.

- Do you have that much money to pay?
- Should the other party's insurance pay for your actions?
- What if they don't have insurance?

That is why the laws of the land make it mandatory to have car insurance. While motor insurance doesn't prevent these things from happening, it provides a financial security blanket for you.

Apart from an accident, the car can also be stolen, damaged by an accident or destroyed by fire and you would suffer financially.

Motor insurance must be taken by a vehicle owner whose vehicle is registered in her / his name with the Regional Transport Authority in India.

Mandatory Third Party Insurance

As per the Motor Vehicles Act, 1988, it is mandatory for every owner of a vehicle plying on public roads, to take an insurance policy, to cover the amount, which the owner becomes legally liable to pay as damages to third parties as a result of accidental death, bodily injury or damage to property. A Certificate of Insurance must be carried in the vehicle as a proof of such insurance.

Motor insurance coverage

The country has a large vehicle population. A number of new vehicles keep coming on to the road every day. Many of them are very costly as well. People say that in India, vehicles do not get junked, but only keep changing hands. This means that old vehicles continue to be on the road and new vehicles get added. The area of the roads (the space for driving) is not growing correspondingly with the number of vehicles. The number of people walking on the road is also increasing. Police and hospital statistics say that the number of road accidents in the country is increasing. The amount of compensations awarded to accident victims by Courts of Law are increasing. Even vehicle repair costs are going up.

All these show the importance of motor insurance in the country

Motor Insurance covers all types of vehicles plying on public roads such as:

- Scooters and motorcycles
- Private cars