



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

Ref: IRDAI/NL/CIR/MOTP/158/09/2018

20th September, 2018

To

ALL GENERAL INSURERS CARRYING ON MOTOR INSURANCE BUSINESS

**Re: Enhancement of Capital Sum Insured in Compulsory Personal Accident
Cover for Owner-Driver under Motor Insurance Policies**

General Regulation ('GR')-36 of India Motor Tariff('IMT'), 2002 mandates General Insurance Companies carrying on motor insurance business to provide Compulsory Personal Accident (CPA) Cover for Owner-Driver under both Liability Only and Package policies. The owner of Insured vehicle holding an 'effective' driving license is termed as Owner-Driver for the purposes of this section. The Cover is provided to the Owner-Driver whilst driving the vehicle including mounting into/ dismounting from or traveling in the insured vehicle as a co-driver.

2. Currently, the Capital Sum Insured (CSI) under this section for Motorised Two Wheelers and Private Cars/Commercial vehicles is Rs. 1,00,000/- and Rs. 2,00,000/- respectively. However, a few General Insurers have been offering Add on covers under Package policies with higher CSI over and above the stipulated CSI, on payment of additional premium at the option of the Insured. The General Insurance Industry, through its Council, had also taken up the increase for higher CSI under CPA Cover for Owner-Driver in July, 2017 for consideration of IRDAI.

3. In the meantime, the Hon'ble High Court of Judicature at Madras has, vide its judgement dated 26th October, 2017 in the matter of Civil Miscellaneous Appeal No. 1428 of 2017 (United India Insurance Co Ltd Vs R. Rekha & Ors), issued directions to IRDAI which reads as under.

“Enhance the Compulsory Personal Accident Cover from the existing Rs.1,00,000/- to at least not less than Rs.15,00,000/- so that the amount of Rs.15,00,000/- will add to some succor or solace to the victims of road accidents, who are the owner of the vehicle, who may incidentally sustain bodily injury or death. Further, an option can be given to the insured/owner of the vehicle to pay higher premium amount to get enhanced compensation over and above Rs.15,00,000/- in case the owner of vehicle so desires to such enhanced compensation in the event of any untoward motor accident which may result in bodily injury or death.”

4. In accordance with the above directions of the Hon'ble High Court of Judicature at Madras, the Authority, in exercise of the powers conferred by Section 14 (2) (i) of the IRDA Act 1999 and in consultation with the stakeholders, hereby issues the following

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modifications to General Regulation (GR) -36 of India Motor Tariff,2002 on Compulsory Personal Accident Cover for Owner-Driver.

(i) All General Insurers carrying on motor insurance business shall provide CPA Cover for Owner-Driver under Liability Only, under Section III of Package Policies to all classes of vehicles and Bundled Covers wherever applicable.

(ii) A minimum Capital Sum Insured (CSI) of Rs.15,00,000/-shall be provided under CPA Cover for Owner-Driver under Liability Only, under Section III of Package Policies to all classes of vehicles and Bundled Covers wherever applicable at the premium rate of Rs. 750/- per annum for annual policy. This rate will be valid until further notice.

(iii) A higher CSI may be provided over and above Rs.15,00,000/-through Optional Covers under Liability Only and under Section III of Package Policies/ Bundled Covers on payment of additional premium at the option of the Insured.


(iv) In view of the above changes, the current Add on covers offering enhanced CPA Cover for Owner-Driver under Section III of Package Policies and Bundled Covers up to CSI of Rs.15,00,000/-shall stand withdrawn. However, Insurers willing to offer CSI over and above Rs.15,00,000/- may revise/file Add on cover under Liability only, Package Policies and Bundled Covers. It is suggested the higher CSI in such Add on cover may be in multiples of Rs. 1,00,000/- or Rs. 5,00,000/-.

(v). As regards premium payable for CPA cover under long term motor policies, insurers may price them in line with their current approach for pricing. Should the Authority find the pricing approach in variance from their general pricing philosophy/approach and not in line with actuarial principles, suitable direction may be issued by the Authority. Insurers may start issuing such covers effective from the date of receipt of this circular even while ensuring that the filing for these is done under File and Use Guidelines on or before 25th October, 2018.

(vii). All other extant provisions applicable for Motor Third Party Insurance shall continue to apply.

This Circular shall come into effect immediately. Please acknowledge this circular and confirm having noted its contents.

This is issued with the approval of the competent authority.


(Yegnapriya Bharath) 20/9/18
Chief General Manager (Non-Life)

CC: The Secretary General, General Insurance Council, Mumbai