

Motor insurance is a vital component of general insurance, mandated for all motorized vehicles to possess a policy covering third-party liability before operating on public roads. This insurance class generates significant premium income for insurers but also incurs substantial losses. Vehicles are categorized into private cars, motorcycles, and commercial vehicles, with the Motor Vehicles Act requiring compulsory insurance for third-party liabilities, which includes coverage for death or bodily injury to individuals, property damage, and specific liabilities under the Workmen's Compensation Act. The policy must cover unlimited liability for death or bodily injury and a limit of Rs. 6,000 for property damage.

There are two primary types of motor insurance policies: Form A, which covers only third-party liability, and Form B, which includes coverage for own damage alongside third-party liability. Form B offers comprehensive coverage against risks such as fire, theft, and natural disasters, while excluding consequential losses, depreciation, and damages from mechanical breakdowns. The policy also provides for towing charges and repair authorization, with specific limits based on the vehicle type. The insured is required to bear a compulsory excess for each claim, and certain exclusions apply, including accidents outside the specified geographical area and those involving unlicensed drivers. The insured must maintain the vehicle in good condition and prevent further damage after an accident. The insurer retains the option to repair, replace, or pay cash for damages, limited to the vehicle's insured value.

Premium ratings are determined by factors such as vehicle type, cubic capacity, age, and operational zone, with higher rates applicable in urban areas. Personal accident coverage is mandatory for owner-drivers, offering compensation for death and permanent disability. Additional benefits include wider legal liability coverage and optional personal accident cover for unnamed passengers. Discounts may be available for voluntary excess, membership in automobile associations, and the exclusion of certain risks from coverage.

The policy offers various discounts and bonuses, including a 2.5% discount on the Own Damage (O.D.) premium for anti-theft devices approved by AAI, capped at Rs. 500, and a 25% discount on O.D. premiums for vintage cars. A No Claim Bonus is available at renewal for vehicles with no claims during the policy year, increasing from 20% in the first year to 50% by the fifth year. Underwriting factors include the type and age of the vehicle, with specific coverage conditions based on the vehicle's age, necessitating different inspection requirements for private cars, taxis, and public carriers.

In the event of a claim for own damage, the insured must notify the insurer, who will verify the policy's validity and issue a claim form. The insured is required to provide a detailed repair estimate, which may be subject to further assessment by independent surveyors. Settlement is based on the survey report, with repairs typically authorized directly with the repairer. The insured may need to pay the excess, depreciation, or salvage costs directly to the repairer. For total loss claims, if a vehicle is deemed beyond repair, compensation is based on the market value prior to the loss, with the insurer retaining salvage rights.

Theft claims necessitate filing a First Information Report (FIR) with the police, and a Non-Traceable certificate is required if the vehicle is not recovered within a specified period. The insured must also provide various documents, including the driving license, registration certificate, and satisfaction note from the repairer.

For third-party claims, the Motor Vehicles Act 1988 establishes Motor Accident Claims Tribunals (MACT) to adjudicate these claims, which must be filed within six months of the accident. The process involves gathering necessary documentation, including police reports and medical certificates, and may include compromise settlements or Lok Adalat sessions for amicable resolutions. The policy underscores the importance of insurance for vehicles, particularly for third-party liability, and delineates the procedures for both own damage and third-party claims.