

Authority : Insurance Regulatory and Development Authority

Circular No : IRDA/ NL/ORD/MPL/212/12/2010

Date : 17.12.2010

Committee on Commercial Motor Third Party Liability Cover

1. Offering Motor third party liability cover to commercial vehicles has been a challenge for non-life insurers in view of the tariff controls prevailing and non-availability of credible data and statutory provisions. The Authority, vide direction dated 4th December 2006, has directed all non-life insurers (except specialised entities) to participate in a "pool" arrangement to ensure active participation in providing the cover.

2. Since 2006, many issues relating to the adequacy of the premium charged for the cover and various alternatives to address the issue were brought to the notice of the Authority. In this regard, to evaluate the prevailing market conditions and various options available to address the issue, in exercise of powers vested under Section 14 (1) of IRDA Act, 1999, the Authority hereby constitutes a committee as below :

Mr. M Ramaprasad, Member (Non-life)	-	Chairman of the Committee
Mr. K P Sarma, Consultant, IIB, IRDA	-	Member
Mr. Randip Singh, JD, IRD	-	Member
Ms. J Meenakumari, JD, IRDA	-	Member
Mr. H Ananthkrishnan, OSD (Legal), IRDA	-	Member
Representative of GIC Re,	-	Member
Representative of United India Insurance Company Ltd	-	Member
Representative of ICICI Lombard General Insurance Company Ltd	-	Member
Representative of Oriental Insurance Co. Ltd	-	Member
Representative of Cholamandalam Insurance Co. Ltd	-	Member
Representative of Bajaj Allianz General Insurance Co. Ltd	-	Member

Mr. R Krishnamurthy, Watson Wyatt	-	Member
Mr. A Giridhar, ED, IRDA	-	Member Convener

3. The terms of reference of the committee are as indicated below :

- a. Review of current arrangement to third party motor liability pool
- b. To examine the possibility and modalities to be adopted for creating declined pool of commercial vehicles to ensure the availability of third party liability cover to all commercial vehicles.
- c. To examine the possibility to provide third party liability cover to the driver in addition to the vehicle.
- d.

The methodology of pricing to provide the necessary adequacy and reasonableness of third party insurance cover.

4. The timeframe for submission of the recommendations by the Committee is three months for the date of issue of this Order.

5. The travel, accommodation and the incidental expenses, if any, incurred by the Members of the Committee would be borne by IRDA and Members would be paid honorarium as per the practice of IRDA.

This issues with the approval of Chairman.

Sd/-
A Giridhar
Executive Director