



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

IRDA/NL/NTFN/MOTP/060/03/2015

28th March 2016

ORDER

Of

Insurance Regulatory and Development Authority of India

On

Premium Rates for Motor Third Party Liability Insurance Cover for FY 2016-17

The Authority hereby refers to its notification no. IRDA/NL/NTFN/MOTP/066/04/2011 dated 15th April 2011 whereby the Authority decided to review the premium rates for motor third party insurance covers annually using the specified formula:

$$P(t) = C1(t) * CII(t-1) + C2(t)$$

Where,

P(t) is the motor TP premium applicable to the financial year 't',

CII(t-1) is the Cost Inflation Index for the year 't-1' as notified by CBDT, and

C1(t) and C2(t) are the parameters applicable to the financial year 't' whose values shall be determined and notified by the Authority in each financial year based on the experience measured in terms of average claim amounts, frequency and expenses involved in servicing the motor TP business. The values of the parameters C1(t) and C2(t) may vary according to the class of vehicle.

It is observed that the cost inflation index (CII) has increased by 5.57% over the previous year, i.e. from 1024 in FY 2014-15 to 1081 in FY 2015-16.

Accordingly, the Authority issued an Exposure Draft on 04th March 2016 on revision of premium rates for motor third party insurance covers for the FY 2016-17 inviting comments on the proposed rates from all stakeholders concerned. The exposure draft published data provided by Insurance Information Bureau ((IB) of India which includes number of policies, number of claims paid and amount of claims outstanding as on 31st March 2015 for each underwriting year and for each class of vehicle. The methodology used in estimating premium rates and also the various factors considered in moderating the actual derived premium rates were also explained briefly in exposure draft.

