

# Motor Insurance



**Motor Vehicles Act and Rules made there under**

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# Forms - under CMV Rules- 1989

- Form 51 : ( rule 141 CMVR) : Certificate of Insurance
- Form 52 : Cover note ( valid for 60 days. Insurer shall issue a policy before expiry of cover note)
- Form 53 : Certificate in respect of exemption of Motor vehicle from insurance under sub section (3) of section 146 MV Act
- Form 54 : Accident Information report by police under rule 150 CMVR 1989.

# Insurance - Necessity

146 of MV Act 1988 mandates necessity of Insurance against third party risks. Action can be initiated as per 196 of MV ACT in case of violations related to motor insurance

## Key Parties:

- First party: Policyholder or person who has purchased an insurance policy.
- Second-party: Insurer or insurance company.
- Third-party: Claimant or person who raises a claim for damages caused by the first party.

# Third Party Tenure & Base Premium Rates

Honble supreme court of India in WP ( C) No 295/2012 Sri Rajaseekaran vs union of India and ors dated 20-7-2018 has mandated that the third party insurance cover

- ❖ for Motor car's ( both Transport and Non Transport category ) should be for 3 years (1 year comprehensive + 2 years third party risks ) and
- ❖ for motor cycles (both Transport and Non Transport category ) should be for 5 years (1 year comprehensive + 4 years third party risks ) , It has been implementing w.e.f 1/9/2018

## THIRD PARTY INSURANCE BASE PREMIUM RATES :

In exercise of the powers conferred by sub-section (2) of section 147 of the Motor Vehicles Act, 1988 (59 of 1988), the Central Government in consultation with the Insurance Regulatory and Development Authority of India can makes rules regarding Third Party Insurance Base Premium rates

# Motor Insurance & Exemptions

- ❖ vehicle owned by the Central Government or a State Government
- ❖ The appropriate Government may, by order, exempt from the obtaining insurance for any vehicle owned by any of the following authorities, namely:--
  - I) the Central Government or a State Government, if the vehicle is used for purposes connected with any commercial enterprise;
  - II) Any local authority;
  - III) Any State Transport Undertaking;

Provided that no such order shall be made in relation to any such authority **unless a fund has been** established and is maintained by that authority.



**Under sub section (3) of section 146 Motor Vehicles Act 1988.**

# Motor Insurance & Key Points

❖ **Transfer of certificate of insurance** : When the ownership of a motor vehicle covered by a valid insurance certificate is transferred to another person together with the policy of insurance relating thereto the policy of insurance of such vehicle shall **automatically stand transferred** to that other person from the date of transfer of ownership of the vehicle. The transferee shall apply within **fourteen** days from the date of transfer in the prescribed form to the insurer for making necessary changes in regard to the fact of transfer in the certificate of insurance.

 [Section 157 MV Act 1988 / read with Rule 144 of CMVR 1989](#)

❖ **Supply of information.** - Any person, authority or authorised insurer required under the provisions of this Chapter to keep records of documents shall furnish on request without any charge any particulars thereof to the Central Government or a State Government or to any police officer authorised in this behalf by the State Government.

 [Rule 149 of Central Motor Vehicles Rules 1989](#)

# Claims & MACT Powers

❖ **Motor Accidents Claims Tribunals** : Application for compensation before MACT ( within six months of the occurrence of the accident) for the purpose of adjudicating upon claims for compensation in respect of accidents involving the death of, or bodily injury to, persons arising out of the use of motor vehicles, or damages to any property of a third party so arising, or both

## **Section 165 Motor Vehicles Act 1988**

❖ **AWARD** : On receipt of an application for compensation the Claims Tribunal hold an inquiry into the claim and make an award determining the amount of compensation specifying the persons to whom compensation shall be paid and specify the amount which shall be paid by the insurer or owner or driver of the vehicle involved in the accident or by all or any of them, as the case may be . Within 30 days of award , award amount has to be deposited.

## **Section 168 Motor Vehicles Act 1988**

❖ MACT have powers of Civil court for the purpose of taking evidence on oath and of enforcing the attendance and in the execution of award

## **Section 169 Motor Vehicles Act 1988**

## Annexure XIII

[See rule 150A]

### Procedure For Investigation of Motor Vehicle Accidents

Motor vehicle Accident



First Accident Report in Form 1 ( By IO to MACT within 48 Hours )



Rights of victims of Road Accident in Form II within 10 days of



Drivers form -Form III  
( By driver to IO within 30 days )



Owner Form -IV  
( By Owner to IO within 30 days )



Interim Accident report in Form V  
(By IO to MACT within 50 days )



Victims form in form VI  
By Victims to IO within 60 days

Note : Investigating Officer may seek necessary directions from the Claims Tribunal to get information from Transport dept ( FC , DL, Permit details & Medical department ( MLC- Medico legal report )







The Investigating Officer submit the DAR in Form VII to the Claims Tribunal, within 90 days from the date of the accident.



Insurance company verify the claim through designated officer, Nodal officer and submit Insurance form in IX



If insurance company accepts the and submit an offer in Form XI



If the Insurance Company does not admit the liability to pay the compensation, it shall disclose the grounds of defence in Form XI and shall file the copy of report of Surveyor/Investigator along with said form.



If offer is accepted by claimant , MACT shall pass a consent award



If offer not accepted by claimant MACT shall hear arguments on quantum of compensation and pass orders within 9 Months



MACT conduct enquiry and pass orders within 12 Months

The mode of release of the award amount shall be as determined by the Claims Tribunal

# Motor Vehicle Accident Fund-

The Motor Vehicle Accident Fund shall be constituted in accordance with sub-section (1) of section 164B, and shall comprise of the following three accounts administered by GI Council under the supervision of the Trust ( chairperson : Joint Secretary , MoRTH)

1. Account for Insured Vehicles - for cash less treatment under section 162 MVAAct
2. Account for Uninsured Vehicles or Hit and Run Motor Accident- for cash less treatment under section 162 MVAAct
3. Hit and Run Compensation Amount : In case of hit and run motor accidents, the compensation under section 161 shall be disbursed from the Hit and Run Compensation Account in accordance with the Compensation to Victims of Hit and Run Motor Accidents Scheme, 2022 Compensation & cash less treatment

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 **sub-section (1) of section 164B of Motor Vehicles Act 1988**

 **section 162 of Motor Vehicles Act 1988**

 **section 162 of Motor Vehicles Act 1988**

# Limitations - Motor insurance can be rejected

## Motor Stage carriage/contract carriage/private service vehicle/ Goods carriage :

The policy covers uses only under a **permit** within the meaning of the Motor Vehicles Act, 1988, or such a carriage falling under sub-section (3) of section 66 of the Motor Vehicles Act, 1988.

The policy does not cover use for

- (a) Organised racing, or
- (b) Speed testing

## Private service vehicles/ Non Transport vehicles :

The policy covers use for any purpose other than-

- (a) Hire or reward,
- (b) Organised racing, or
- (C) Speed testing

## All Vehicles :

The policy does not cover liability for death, bodily injury or damage as excluded in section 150 (2) of the Motor Vehicles Act, 1988

# Limitations - Motor insurance can be rejected

The insurance company with a view to avoid its liabilities is not only required to show that the conditions laid down **under Section 150 (2) of the Motor Vehicles Act, 1988** are satisfied but is further required to establish that there has been a breach on the part of the insured

## **Use of vehicle**

1. For hire or reward, where the vehicle is on the date of the contract of insurance a vehicle not covered by a permit to ply for hire or reward; or
2. for organised racing and speed testing; or
3. for a purpose not allowed by the permit under which the vehicle is used, where the vehicle is a transport vehicle; or
4. driving by a named person or by any person who is not duly licensed or by any person who has been disqualified for holding or obtaining a driving licence during the period of disqualification or
5. driving under the influence of alcohol or drugs as laid down in section 185; or
6. A condition excluding liability for injury caused or contributed to by conditions of war, civil war, riot or civil commotion; or
7. that the policy is void on the ground that it was obtained by nondisclosure of any material fact or by representation of any fact which was false in some material particular; or
8. that there is non-receipt of premium as required under section 64VB of the Insurance Act, 1938 (4 of 1938).

# Driving Licence & Key Points

## DL validity :

- ✿ Transport vehicle COV - 5 years
- ✿ Transport vehicle carrying goods of dangerous or hazardous nature - 3 years
- ✿ OTHERS :
  - ◆ Age  $\geq 16$  to  $< 30$  years - issue / renewal upto attaining the age of 40 years
  - ◆ Age  $\geq 30$  to  $< 50$  - issue / renewal for a period of 10 years
  - ◆ Age  $\geq 50$  to  $< 55$  - issue / renewal upto attaining the age of 60 years
  - ◆ Age  $\geq 55$  - issue / renewal for a period of 5 years

Note : LLR validity 6 Months ( Applicant has to apply for permanent DL after 30 days from the date of LLR reception

✿ **Driving License renewal :** In any case where the application for the renewal of a licence is made either one year prior to date of its expiry or within one year after the date of its expiry, the driving licence shall be renewed with effect from the **date of its renewal** .

✿ **Expired Driving License :** If the application is made more than **1 year** after the driving licence has ceased to be effective, the licensing authority shall refuse to renew the driving licence, unless the applicant undergoes and passes to its satisfaction the test of competence to drive referred to in sub-section (3) of section 9. No need to wait for 30 days under rule 15 (1) CMVR

# Fitness, PUC & Key Points

## Pollution under Control : (PUC )

Every motor vehicle, **other than battery operated vehicles** shall obtained PUC when vehicle complied with provisions of Rule 115 ( 2) & (7) of CMV Rules 1989 in the format P.U.C specified under rule 484 (iii) of APMV rules 1989

- ✿ No requirement of PUC for new vehicles for the first year
- ✿ After 1 Year of registration , PUC validity is 12 Months for BS -IV & above
- ✿ For below emission norms validity is 6 Months

If the owner fails to comply, the registering authority shall, for reasons to be recorded in writing, **suspend** the Registration Certificate and any permit granted, until such time a valid "PUC" certificate is issued

## Fitness of the Vehicle :

- ✿ No FC Is required at the time of new registration of fully built Transport vehicle and up to 2 y age
- ✿ FC renewal shall be carried out for transport vehicles for every 2 years for vehicles up to 8 years old and 1 year for vehicles older than 8 years
- ✿ renewal of certificate of fitness in respect of E-rickshaw and E-cart is **3 years.**

## Over load :

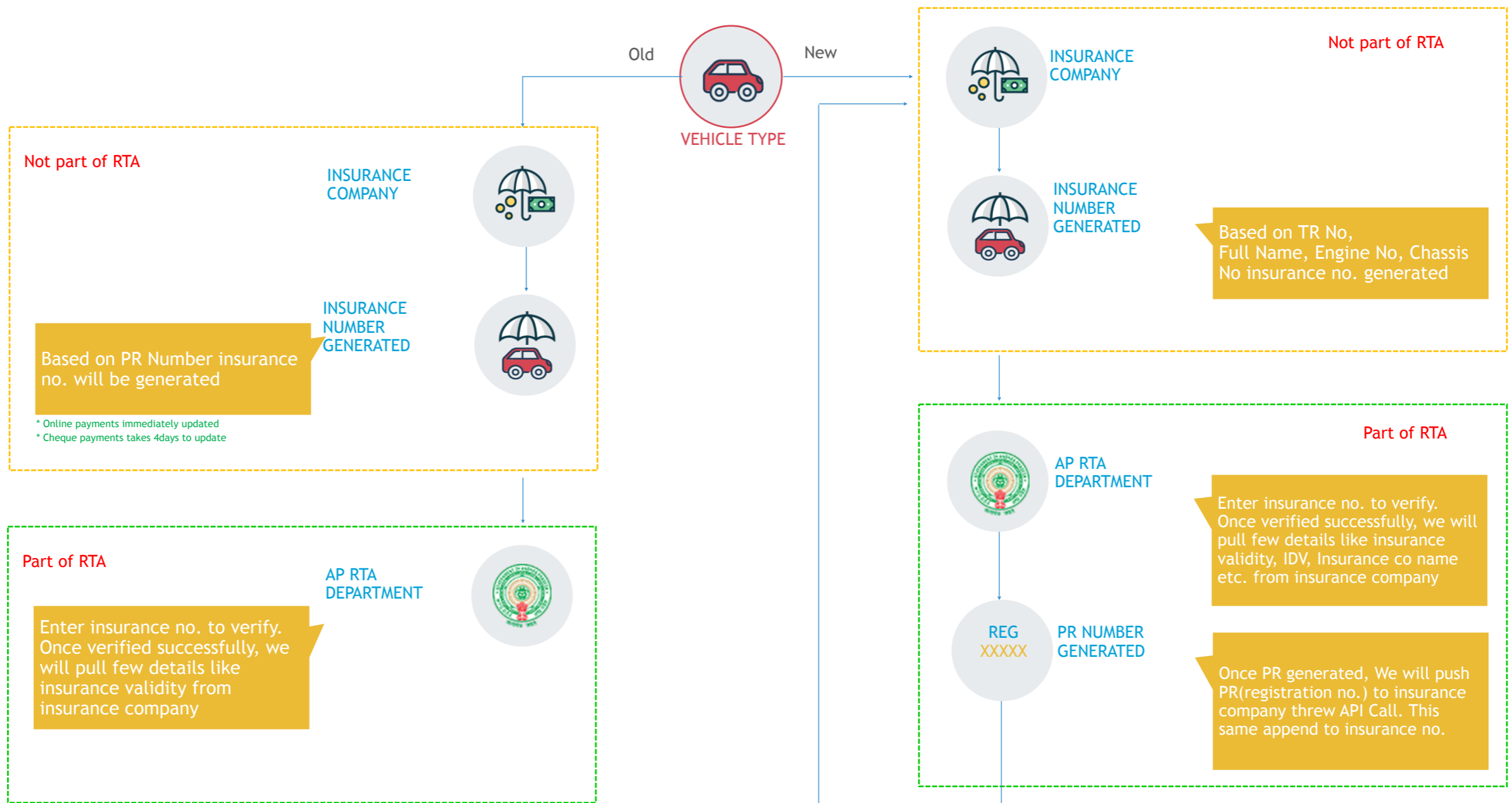
Whoever drivers a motor vehicle or causes or allows a motor vehicle to be drives in contravention of the provisions of section 113 or section 114 or section 115 shall be punishable with fine of twenty thousand rupees and an additional amount of two thousand rupees per tonne of excess load], together with the liability to pay charges for off-loading of the excess load.



# Way forward to avoid disputes - Integration

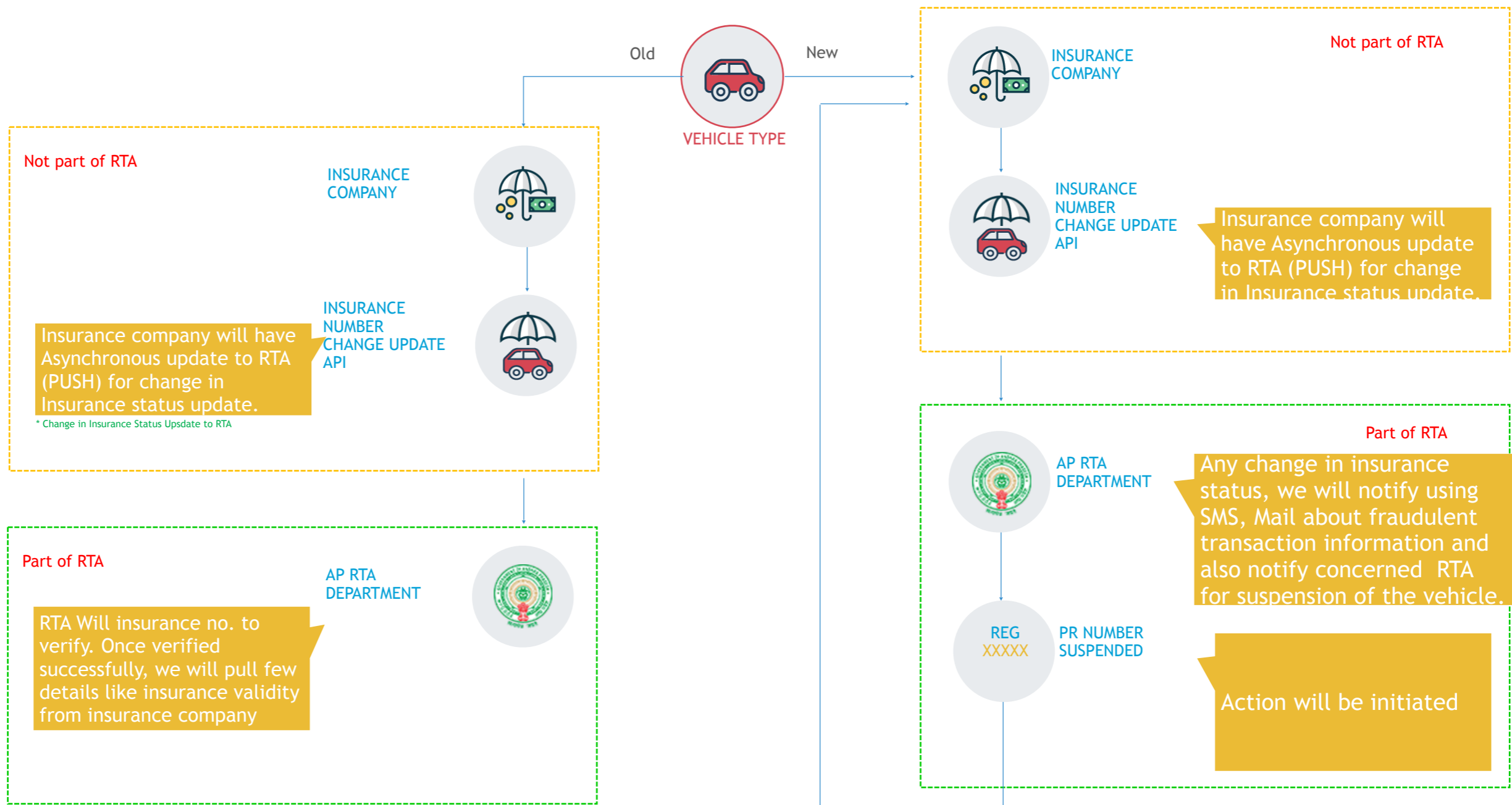
- \* Buying an insurance policy through APRTA application ,when Citizen buying a new vehicle: The link to insurance companies will be provided at APRTA online Application. At the time of vehicle purchase ,citizen will make an online payment and buys the insurance policy. Subsequently APRTA get the Policy number, validity ,Insurance type etc,. through an API from Insurance companies.
- \* In cases of Insurance purchased through the market or other means : The motor vehicle dealer enters the Insurance Policy number & Insurance company name while processing vehicle registration and the API fetches the validation and Policy details from the insurance company. For new vehicles insurance will be taken only on engine & chassis number . After generating the Permanent registration number, RTA department,AP will be pushing back the registration number details against the insurance number to the insurance companies
- \* If the Insurance Policy is later cancelled by the buyer, fake policy , non renewal of premium the same will be intimated to APRTA through the API by the Insurance company within 3 days and APRTA enforcement team will be instructed to seize the said vehicle.
- \* Integration Of APRTA with Insurance companies is really a win-win situation Integration enable APRTA to keep inform the Insurance companies regarding Transfer of ownership,Change Of Address etc., and theft ,Accidents claims clearances will be easier for Insurance companies.

# Integration with Transport Department





# Cancellation / RTA Transactions / Fake / non renewal of premium of Insurance



**Thank you 🙏**