

[Explained: Why third-party motor insurance is a must-buy](#)

Third-party motor insurance cover protects you from the legal liability, financial liability, accidental liability, or property damage that may arise.

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Representative image

If you own a motor vehicle, you must be aware that it is compulsory to have third-party (TP) insurance—Section 146 of the Motor Vehicles Act, 1988, mandates the TP cover.

It is also known as ‘act only’ or ‘liability only’ cover. If one is found driving a vehicle without this mandatory insurance cover, the person will attract a penalty of Rs 2,000 and/or imprisonment of up to three months. If a person is found driving a vehicle without such insurance a second time, s/he will be liable for a fine of Rs 4,000 and/or imprisonment of up to three months.

How does TP insurance cover help the insured?

First, you must understand a few terms used in the TP insurance contract. The first party refers to the policyholder, the person who has bought the insurance cover, while the second party is the insurance company from which the policy has been purchased. Finally, the third party refers to the risk covered under insurance policy as per the provisions of MV Act against third-party liability.

TP cover protects you from the legal liability, financial liability, accidental liability, or property damage that may arise if a third party—anyone other than the policyholder and insurance company—suffers from a loss or damage attributable to your vehicle. Such legal liabilities

often cause unforeseen monetary losses and substantial financial blows to you; since the amount of liability may run anywhere between a few hundred thousand to a few crore. To make sure that you don't end up in such an unpleasant financial situation, TP insurance is a must-buy.

What is covered in the third-party insurance?

Note that the TP cover does not offer protection to your vehicle. For that, you will require a comprehensive policy to ensure complete protection. Suppose you only have a TP cover and you met with an accident where you hit a two-wheeler, and the unfortunate incident resulted due to your negligence. The person riding the two-wheeler is injured, their two-wheeler is also damaged, and you are liable to pay Rs 30,000; additionally, there is a dent in your car too. If you only have a TP cover, the policy will pay only the cost of damage that the person in question suffered (Rs 30,000 in our example). The policy will not compensate for the cost of repair you incurred to get the dent repaired. The only way to safeguard your vehicle from such damages is to buy a comprehensive cover.

TP insurance covers you against death of or bodily injury to a third party and damage to any property of a third party (limited liability). TP insurance provides a rudimentary level of protection to the policyholder at an economical price. It is extremely pocket-friendly and is among the cheapest insurance covers available in India. Besides helping you comply with the law, a TP cover also offers you peace of mind. In the unfortunate event of an accident, you need not worry about the third-party financial liability that may arise, and be rest assured of the support from your insurer. TP insurance is simple to understand and does not entail a deep analysis of the product features; you can easily buy the cover from the website or mobile app of your insurer in a few minutes.

So, if you own a vehicle and don't have insurance cover yet, I urge you to at least buy a simple TP cover and ensure a stress-free and smooth drive. Make sure that you hold a valid permit for the commercial vehicle and a relevant valid driving licence while driving a vehicle on-road and follow all traffic rules for your and others' safety.

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