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Third-party motor insurance premium hikes on expected lines: Insurers

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PREMIUM RATES FOR third-party insurance of vehicles will increase across two-wheelers and private cars, except in the case of two-wheelers where engine capacity is more than 75 cc but not exceeding 150 cc, and also for electric two-wheelers where engine capacity is more than 3 KW but not exceeding 7 KW. In the last two categories, there will be reductions in rates.

Industry observers and analysts said the premium rate hikes, carried out after a gap of around three years due to Covid, are more or less on expected lines. The premium rates for vehicles' third-party insurance will go up from June 1. "The rates have been hiked as per the industry's expectations. There was a

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draft notification for upward revisions of premium rates. So, we had a very good understanding of what is likely to be the final order. It is a cumulative increase, but not a big increase," Sanjay Datta, chief - under-

writing, claims and reinsurance, ICICI Lombard General Insurance, told *FE*.

Notably, insurance regulator Irda (Insurance Regulatory and Development Authority) released a draft notification for the revision in premium rates for third-party motor insurance in March. Revision of third-party premium rates is initiated yearly by Irda. However, the activity was put on hold owing to Covid.

"It is a good thing that after three years, the new premium rates for third-party motor insurance have come up. It is a positive thing for general insurers. During the pandemic, a lot of vehicles were not plying, so it was not a good idea to increase rates at that point of time," said TA Ramalingam, chief technical officer, Bajaj Allianz General Insurance.