

Ref No. IRDAI/NL/CIR/MOTOR/178/10/2023-24

18<sup>th</sup> October, 2023

**ALL GENERAL INSURERS (OTHER THAN STAND-ALONE HEALTH INSURERS AND SPECIALISED INSURERS)**

**Subject: Mandating of coverage, payment of premium under IMT-29 compulsory as an inbuilt coverage in a private car policy**

Indian Motor Tariff 2002 ("**Motor Tariff**") under Clause 7 of Section 2 provides for a specific situation wherein a private car owned by an employer, and used to carry employees, is involved an accident. At present, Clause 7 of Section 2 of Motor Tariff reads as follows:

**Clause (7)(ii) of IMT: Legal Liability to employees of the insured travelling in and / or driving the employer's vehicle**

*Liability to the employees of the insured travelling in or driving the employer's motor vehicle, either excluding or including paid driver may be covered on payment of additional premium @ Rs. 50/- per employee, the premium being chargeable on the total number of such employee's carried (including paid driver, if applicable) but not exceeding the maximum licensed seating capacity of the vehicle. The additional premium of Rs. 50/- per employee is net irrespective of any period of insurance not exceeding 12 months*

In this connection, Hon'ble Madras High Court, in CMA No. 2166 of 2019 & CMP No. 8871 of 2019 (United India Insurance Co. Ltd., Vs Ilakkiyamathi & others) observed that

*in cases of employees travelling in the private vehicles of the employers, met with an accident and got injured or faced untimely death, it becomes a nightmare for the claimants to recover compensation from the employer. This leads to claimants to suffer endlessly having lost their sole breadwinner or having suffered injuries.*

Consequently, the Hon'ble Madras High Court has issued directions to IRDAI to make IMT-29 compulsory as an inbuilt coverage for employees while issuing a Private Car policy for such vehicles.

In accordance with the above directions of the Hon'ble Madras High Court, the Authority, in exercise of the powers conferred by Section 14(2) of Insurance Act 1938, hereby issues the following directions:

- (i) *All General Insurers carrying on motor insurance business shall provide the cover to the employees travelling in employer's vehicle (including paid driver, if applicable) under IMT-29 of the Indian Motor Tariff, compulsorily as an inbuilt coverage while issuing private car policy for such vehicles.*
- (ii) *The compulsory cover of IMT-29 shall be provided as an inbuilt coverage under the Compulsory Motor Third Party Liability Section of Private Car Package/ Bundled Policies and under standalone policies insuring Compulsory Motor Third Party Liability.*
- (iii) *No additional premium shall be charged until further directions.*

This is issued with the approval of the Competent Authority.

-Sd/-

Randip Singh Jagpal  
Executive Director (Non-Life)