



Third-Party Liability Insurance



Let's discuss **Third-Party Liability Insurance**, a mandatory requirement for all vehicle owners. We will explore what it covers, its benefits, and how it compares to Comprehensive Insurance.



What is Third-Party Insurance?

Mandatory for all Vehicle Owners:

Third-Party Liability Insurance, also known as **Act-Only** Insurance or **Liability-Only** Insurance, is mandatory for all vehicle owners in India as per the **Motor Vehicle Act 1988**.



What is Third-Party Insurance?

Protection from Legal Liabilities:

It acts as a **financial safety net**, shielding you from legal responsibilities if you cause an accident and injure someone or damage their property.



What is Third-Party Insurance?

Covers the Cost of Damages to a Third Party:

Third-Party Liability Policy protects you from the financial burden of accidents involving a third party.



How does Third-Party Insurance work?

To understand **Third-Party Liability Insurance** better, let's break down the concept using an example. Imagine a car accident involving three parties:



How does Third-Party Insurance work?

First Party:

You, the **policyholder** who purchased the insurance



How does Third-Party Insurance work?

Second Party:

The **insurance company** you are insured with



How does Third-Party Insurance work?

Third Party:

The **person who claims** that you caused damages or injuries to them in the accident



How does Third-Party Insurance work?

If you are found **legally responsible for the accident** (or the third party believes you are), a claim will be filed against you, which your insurance company will be expected to settle. The quicker you inform your insurer about the accident, the smoother the claim resolution process will be.



How to Claim Third-Party Insurance

Role of the Policyholder (First Party):

- **File an FIR:** The first step is to report the accident to the nearest police station and file a **First Information Report (FIR)**. This documents the incident and establishes a record. Be sure to include the following details in the FIR:
 - **Registration Number** of the vehicle involved in the accident
 - **Driver's License Number** of the person driving the other vehicle
 - **Names and Contact Details** of any witnesses present at the scene



How to Claim Third-Party Insurance

Role of the Policyholder (First Party):

- **Inform Your Insurer:** Contact your insurance company as soon as possible and inform them about the accident. They will guide you through the claim process and request the necessary documents.



How to Claim Third-Party Insurance

Role of the Policyholder (First Party):

- **Gather Documents:** Collect the documents required for the claim, such as:
 - **Completed Claim Form**
 - Copies of your **Driving License** and vehicle **Registration Certificate**
 - Copy of the **FIR**



How to Claim Third-Party Insurance

Role of the Policyholder (First Party):


- **Cooperate with Insurer:** Assist your insurance company's surveyor in assessing the damage caused to the third party's vehicle or property. Their assessment will help determine the claim amount.



How to Claim Third-Party Insurance

Role of the Third Party (Claimant):

- May file a police report (not mandatory)
- Seek compensation through **Motor Accident Claims Tribunal (MACT)** (may require legal representation)



What is Covered by Third-Party?

Property Damage:

If you cause **damage to someone else's property** in an accident, **Third-Party Liability Insurance** covers the repair costs. This could be anything from a damaged car to a broken fence.



What is Covered by Third-Party?

Death:


In the unfortunate event that an accident results in the **death of a third party**, you are typically liable for compensation. Thankfully, **Third-Party Insurance** steps in to handle these financial aspects. The compensation amount is determined by **court tribunals** based on the **severity of the loss** and the **earning capacity of the deceased**.



What is Covered by Third-Party?

Partial and Permanent Disability:

Accidents can lead to disabilities, and **Third-Party Insurance** helps manage the financial burden. It covers **medical expenses for injuries** that heal over time (like fractures) and provides a predetermined sum to the affected party in cases of **permanent disability**.



What is Covered by Third-Party?

Bodily Injuries:

Third-Party Insurance offers **medical coverage** regardless of the severity of a third party's injuries. This financial support comes in handy during such unforeseen circumstances.



What is NOT Covered by Third-Party

Own Damage:

Third-Party Insurance does NOT cover **injuries or damages to your own vehicle**, regardless of the cause (accidents, fire, natural disasters, etc.)



What is NOT Covered by Third-Party

Driving under the Influence:

Operating a vehicle under the **influence of drugs or alcohol is illegal** and voids your insurance coverage.



What is NOT Covered by Third-Party

Invalid Driving License:

A valid driving license is a requirement for insurance coverage. If your **license is invalid**, you won't be covered in case of an accident.



What is NOT Covered by Third-Party Outside Geographical Limits:

Your insurance policy **specifies a geographical area** where it is valid.
Accidents occurring **outside these limits are not covered.**



What is NOT Covered by Third-Party

Undesignated Driver:

If someone **other than the designated driver** is operating the insured vehicle and causes damage, **Third-Party Liabilities aren't covered.**

Third-Party Premium Rates

Vehicle Type	Cubic Capacity	Rates
Private Cars	Not exceeding 1000 cc	₹2,094.00
	Exceeding 1000 cc but not exceeding 1500	₹3,416.00
	Exceeding 1500 cc	₹7,897.00
Two Wheelers	Not exceeding 75 cc	₹538.00
	Exceeding 75 cc but not exceeding 150 cc	₹714.00
	Exceeding 150 cc but not exceeding 350 cc	₹1,366.00
	Exceeding 350 cc	₹2,804.00


Third-Party Premium Rates

Vehicle Type	Cubic Capacity	Rates
Electric Private Cars	Not exceeding 30 KW	₹1,780.00
	Exceeding 30 KW but not exceeding 65 KW	₹2,904.00
	Exceeding 65 KW	₹6,712.00
Electric Two Wheelers	Not exceeding 3 KW	₹457.00
	Exceeding 3 KW but not exceeding 7 KW	₹607.00
	Exceeding 7 KW but not exceeding 16 KW	₹1,161.00
	Exceeding 16 KW	₹2,383.00



Third-Party Premium Rates


For detailed rates of **Third-Party Premiums for all vehicle classes**, please **refer to the description box**.



Benefits of Third-Party Insurance:

Protection Against Unexpected Costs:


If you accidentally damage someone else's vehicle or cause injury, your insurer will **cover the expenses**, saving you from a significant financial burden.



Benefits of Third-Party Insurance:

Legal Compliance:


Third-Party Liability Insurance is mandatory by law. By having this policy, you avoid legal repercussions for driving without valid insurance.



Benefits of Third-Party Insurance:

Peace of Mind:


Knowing that significant financial losses arising from accidents are covered allows you to **drive more confidently**. Your insurer will handle the expenses, giving you **peace of mind on the road**.



Benefits of Third-Party Insurance:

Legal Support:


Third-Party Insurance shields you from legal issues stemming from accidents. You won't face court battles if you have valid coverage and adhere to the policy terms.



Benefits of Third-Party Insurance:

Affordability:

Compared to Comprehensive Insurance, Third-Party Liability Insurance is a **budget-friendly option**. The premiums are designed to be accessible to a wide range of vehicle owners.



Benefits of Third-Party Insurance:

Online Convenience:

You can conveniently **purchase Third-Party Policies online** through the dedicated portals of insurance companies. Simply log in, explore plans, and select the one that best suits your needs.



Disadvantages of Third-Party Insurance

Absence of Own Damage Coverage:

Third-Party Liability Insurance **doesn't cover repairs or replacements for damages to your own vehicle**, regardless of the cause (accidents, theft, fire, natural disasters, etc.). To financially safeguard your vehicle, you would need a Comprehensive Motor Insurance Policy.



Disadvantages of Third-Party Insurance

Lacks Optional Coverages:

Third-Party Liability Insurance is a basic policy with minimal coverage options. You **cannot add extra benefits or protections** to tailor it to your specific needs.



Disadvantages of Third-Party Insurance


No Coverage for Acts of Nature:

Third-Party Insurance **does not cover damages caused by natural disasters** such as floods, earthquakes, or tsunamis. These unforeseen events can cause significant damage to vehicles, and unfortunately, Third-Party Insurance won't provide any financial aid in such situations.



Comprehensive vs Third-Party Insurance

Features	Comprehensive Policy	Third-Party Policy
Own Damages	Covered	Not Covered
Legal Requirement	No	Yes
Cost	Expensive	Affordable
Add-On Options	Multiple Options	Limited Options



When to consider Third-Party Policy

Tight Budget:


Third-Party Liability Insurance is a **cost-effective way** to meet your legal requirement as a vehicle owner. The **premiums are typically lower** compared to Comprehensive Insurance, making it an attractive option for **budget-conscious individuals**.



When to consider Third-Party Policy

Older Vehicle:

If you own an older car with a depreciated market value, a Comprehensive Insurance policy might not be the most economical choice. The cost of the premium might outweigh the vehicle's value. In such cases, **Third-Party Insurance** can provide a **more affordable way to stay legally compliant** and gain some financial protection against Third-Party Liabilities.



When to consider Third-Party Policy

Low-Risk Drivers:

If you have a **good driving record** and **rarely drive in high-traffic areas**, the chances of getting into an accident are statistically lower.

Third-Party Insurance can offer a basic level of financial security in such situations.



When to consider Comprehensive Policy

New Vehicle:

Newer vehicles tend to have a **higher market value**. In case of theft, damage due to an accident, or natural disasters, **Comprehensive Insurance offers valuable financial protection** to cover the repair or replacement costs of your vehicle.



When to consider Comprehensive Policy

Loan/Lease on Vehicle:

If you have a **loan or lease** on your vehicle, the lender or leasing company might require you to **maintain Comprehensive Insurance coverage**. This protects their financial interests in case your car is stolen or damaged beyond repair.



When to consider Comprehensive Policy

High-Risk Drivers:

If you drive frequently in areas with **high traffic congestion** or have a **history of accidents**, the possibility of getting into an accident is higher. Comprehensive Insurance offers a more comprehensive safety net.



When to consider Comprehensive Policy

Peace of Mind:

If having **peace of mind on the road is a priority**, Comprehensive Insurance is a worthwhile investment. It provides security and financial protection against a wider range of situations, giving you more confidence behind the wheel.



Penalty for Driving without Insurance

- **1st time:** Fine of ₹2,000 and/or imprisonment of up to 3 months
- **2nd time:** Fine of ₹4,000 and/or imprisonment of up to 3 months



Important Points to Remember

Budgetary Constraints:

Third-Party Insurance is a **budget-friendly option**, while Comprehensive Insurance typically comes with a higher premium. Consider how much you can comfortably afford to spend on car insurance each year.



Important Points to Remember

Vehicle's Value:

If you own a **newer car with a significant market value**, **Comprehensive Insurance** might be a wise investment to protect your financial interests in case of theft or damage.



Important Points to Remember

Driving Habits:

If you frequently drive in high-traffic areas or have a **history of accidents, Comprehensive Insurance** offers broader coverage and can provide valuable financial protection for your vehicle.



Important Points to Remember

Risk Tolerance:

How comfortable are you assuming the financial burden of repairing or replacing your own vehicle in case of an accident? If you have a **low risk-tolerance, Comprehensive Insurance** can provide peace of mind.



Important Points to Remember

Loan/Lease Requirements:

If you have a **loan or lease** on your vehicle, your lender or leasing company might require you to maintain **Comprehensive Insurance** coverage to safeguard their financial interests.



This was a comprehensive overview of **Third-Party Liability Insurance**. We hope this information empowers you to make an informed decision when choosing the right insurance coverage for your vehicle.



Disclaimer

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