



## VEHICLE INSURANCE

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### ABSTRACT

Third party insurance is a type of insurance that provides coverage to a person or entity who is not part of the insurance contract. It is commonly used in the context of automobile insurance, where it provides protection to other drivers, pedestrians, or property owners who may be harmed by the insured driver's actions. However, it is also used in other areas, such as liability insurance for businesses, professional liability insurance, and more. In this article, we will provide a comprehensive guide to understanding third party insurance, including what it is, how it works, and why it is important. We will also discuss the different types of third party insurance, their coverage limits, and how they can be customised to suit individual needs. Finally, we will examine some common misconceptions about third party insurance and provide tips for choosing the right policy. Whether you are a driver, a business owner, or professional, understanding third party insurance is essential to protecting yourself and others from potential losses. By reading this article, you will gain a better understanding of this important type of insurance and be better equipped to make informed decisions about your coverage needs.

### Introduction

Third party Vehicle insurance is a type of insurance policy that provides coverage to the policyholder against the financial liabilities arising from any damage, injury or loss caused to a third party due to an accident involving the insured vehicle. This type of insurance policy is mandatory in most countries around the world and is designed to protect the interests of third parties who may suffer bodily injuries, property damage or death due to the negligent actions of the policyholder while driving the insured vehicle. Third party Vehicle insurance policies typically cover the policyholder against any legal liability arising from accidents caused due to the insured vehicle, such as bodily injury or death of a third party or damage to their property. The policyholder is not covered for any damage or loss caused to their own vehicle under this type of insurance policy. The introduction of third party Vehicle insurance has been a significant development in the insurance industry, as it has helped to ensure that victims of road accidents are compensated for their losses, while also protecting the interests of policyholders. The policy has also played a crucial role in

promoting road safety by ensuring that all drivers have a minimum level of insurance coverage before they take to the road.

**Keywords:** Insurance, Protection, liability, Third party insurance, Policy, Coverage etc.

### **Third party Vehicle insurance**

Third-party Vehicle insurance is a type of insurance policy that is mandatory in India under the Vehicle Vehicles Act, 1988. It provides coverage for damages caused to a third party due to an accident involving the insured vehicle. The third party can be any person other than the driver or owner of the insured vehicle. Under the Indian law, it is mandatory for all Vehicle vehicle owners to have at least a third-party insurance policy.

#### **Types of third-party Vehicle insurance:**

**Third-Party Liability Only Policy:** This policy covers the damage or loss caused to a third party by your vehicle. It is mandatory to have this policy by law in India, and it only covers damages to third-party property and injuries or death to third-party individuals.

**Comprehensive Policy:** This policy covers both third-party liabilities and damages or loss to your own vehicle. It is not mandatory by law, but it provides a more extensive coverage that protects the policyholder against financial losses from accidents, theft, natural disasters, and other incidents.

#### **Features:**

Third-party Vehicle insurance covers your liability towards a third-party in case of injury or damage caused to them or their property.

Third-party Vehicle insurance is usually cheaper compared to comprehensive insurance as it covers only third-party liabilities.

Third-party insurance can be purchased for different durations, ranging from a few months to a year, depending on your requirements.

#### **Inclusions:**

Legal expenses incurred in defending the insured against a third-party claim.

Damage caused by the insured vehicle to third-party property.

Bodily injury or death of a third party caused by the insured vehicle

#### **Exclusions:**

Damage to the insured vehicle itself.

Damage to the property of the insured or any passenger in the insured vehicle.

Intentional damage caused by the insured to a third party.

### **Laws governing third-party Vehicle insurance in India**

The Insurance Regulatory and Development Authority of India (IRDAI): This regulatory body oversees the insurance sector in India, including third-party Vehicle insurance. It sets the minimum coverage amounts for third-party liability insurance and regulates insurance premiums. The Insurance Regulatory and Development Authority of India (IRDAI) is the regulatory body that oversees the insurance sector in India, including third-party Vehicle insurance.

The Vehicle Vehicles Act, 1988: The Vehicle Vehicles Act of 1988 is an important legislation in India that regulates the use of Vehicle vehicles in the country. The Act lays down the rules and regulations governing various aspects of Vehicle vehicles, including their registration, licensing, insurance, and safety standards. One of the key provisions of the Vehicle Vehicles Act is the requirement for all Vehicle vehicles to have a valid insurance policy.

The Indian Vehicle Tariff: This document outlines the pricing and terms for third-party Vehicle insurance policies in India. It sets the premium rates for different types of vehicles and specifies the coverage amounts for third-party liability insurance. The Indian Vehicle Tariff is a set of rules and regulations that govern the pricing and coverage of Vehicle insurance policies in India.

### **Process to claim third party Vehicle insurance**

The first step is to inform the insurance company about the accident and file a claim for compensation. The claim should be filed within a reasonable time frame, usually within 24-48 hours of the accident. The policyholder should also file a First Information Report (FIR) with the nearest police station as soon as possible after the accident. This is a legal requirement, and the FIR will serve as proof of the accident. The policyholder must provide all the necessary documents such as a copy of the FIR, the insurance policy documents, driving license, vehicle registration certificate, and any other documents requested by the insurance company. The insurance company will investigate the claim and verify the details provided by the policyholder. This may involve a physical inspection of the vehicle, interviews with witnesses, and any other relevant investigation.

Once the investigation is complete and the claim is found to be valid, the insurance company will settle the claim by paying the compensation to the third party. If the claim is rejected by the insurance company, the policyholder can appeal to the Insurance Ombudsman or file a complaint with the Insurance Regulatory and Development Authority of India (IRDAI). It is important to note that timely submission of all the required documents and cooperation with the insurance company can speed up the claims settlement process.

### **Case laws related to third party Vehicle insurance:**

Mukund Dewangan v. Oriental Insurance Co. Ltd.: In this case, the Chhattisgarh High Court held that the insurance company cannot deny liability for third-party insurance claims on the ground of delay in filing the claim. [Mukund Dewangan vs Oriental Ins.Co.Ltd. on 3 July, 2017]

New India Assurance Co. Ltd. v. Asha Rani: In this case, the Supreme Court held that the owner of a vehicle is liable to pay compensation to the victim in a hit-and-run accident, even if the vehicle is not identified or the driver is not traced. [Supreme Court of India New India Assurance Co. Ltd vs Asha Rani & Ors on 17 August, 2001]0

## Conclusion

In conclusion, third-party Vehicle insurance is a mandatory requirement for vehicle owners in India, according to the Motor Vehicles Act of 1988. This insurance policy provides coverage for damages caused by the insured vehicle to third-party property or individuals. It is an essential policy that protects vehicle owners from potential financial liabilities in case of accidents or mishaps involving their vehicles. While third-party Vehicle insurance is a minimum legal requirement, it is also advisable for vehicle owners to consider comprehensive insurance policies that provide broader coverage. These policies cover not only third-party damages but also damages to the insured vehicle itself, including theft, fire, natural disasters, and personal accident cover for the driver/owner. In summary, third-party Vehicle insurance is a crucial insurance policy that vehicle owners must have in India. However, it is recommended to consider comprehensive insurance policies for broader coverage and protection against financial liabilities.

