

SC on Third-Party Insurance

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Why in News?

Recently, Supreme Court of India extended the mandatory third-party insurance cover for new vehicles by one year, strengthening consumer protection and road safety compliance.

The Motor Vehicles Act, 1988 - India's principal law regulating road transport, vehicle registration, and traffic rules.

Key Features

- **Extension** - SC directed that new vehicles must now carry **1 additional year of third-party insurance cover i.e. 4 years for cars and 6 years for 2-wheelers.**
- **Objective** - Ensure uninterrupted coverage, reduce lapses in renewals, and enhance victim protection.
- **Four-tier insurance policy** -
 - Compulsory third-party insurance.
 - Optional coverage for passengers or pillion riders.
 - Personal accident covers for death or permanent disability of the owner, driver and other occupants.
 - Cover against loss or damage to the insured vehicle itself.
- **Road Safety** - India records high accident rates; many victims face delays in compensation due to expired policies.
- **Consumer Protection** - Longer coverage period reduces risk of uninsured vehicles on roads.

Court's Proposal

- **Directive** - Court asked IRDAI and Transport Ministry to link fuel purchase with vehicle insurance status.
- **Implementation** - Vehicles without valid insurance may be denied fuel at

petrol pumps using ANPR cameras.

- **Benefit** - Helps identify uninsured vehicles and compels owners to maintain valid insurance.

Background

- **Third-Party Insurance** - It is a policy that protects policy holder from financial and legal liability, if his/her vehicle or actions cause injury, death, or property damage to the 3rd party .
- It is Mandatory under the Motor Vehicles Act, 1988.

1st party is the policyholder who buys the insurance; 2nd party is the insurance company; 3rd party is the injured or affected person.

- **Earlier Rule** - New vehicles required 3-year cover for cars and five-year cover for two-wheelers.

Reference

[The Hindu | Third party Insurance](#)

