

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1525
ANSWERED ON:05.03.2010
AMENDMENT TO INSURANCE ACT, 1938
Bhoi Shri Sanjay

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to bring an amendment to the Insurance Act, 1938 in respect of the third party insurance;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the implications arising out of this amendment?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) to (c): Yes, Sir. Government has introduced the Insurance Laws (Amendment) Bill, 2008 in the Rajya Sabha on 22.12.2008 to amend the Insurance Act, 1938 in respect of the motor third party insurance by way of insertion of a new section 32D. The Bill has been referred to the Standing Committee on Finance for examination and report. Proposed section 32D provides for an obligation on all general insurers (except specialised insurance companies) in respect of third party risks of motor vehicles, taking into account the fact that third party motor insurance is a statutory compulsion for the vehicle owners under the provisions of the Motor Vehicles Act, 1988. This provision would ensure that all companies make available third party insurance for motor vehicles to policyholders.