

CHAPTER VII

INSURANCE OF MOTOR VEHICLES AGAINST THIRD PARTY RISKS

140. Definitions.—In this Chapter, unless the context otherwise requires,—

(i) "accounting year" means the year commencing on the first day of April, and ending with the 31st day of March of the following year;

(ii) "approved list" means the list of foreign insurers and their guarantors maintained by the Central Government under these rules;

(iii) "Authority" means the Central Government or a State Government or any local authority or any State Transport Undertaking, motor vehicles owned by whom have been exempted from the compulsory insurance under sub-section (2) of section 146;

(iv) "bank" means a company which accepts, for the purpose of lending or investment, deposits of money from the public repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise;

Explanation.—Any company which is engaged in the manufacture of goods or carries on any trade and which accepts deposits of money from the public merely for the purpose of financing its business as such manufacturer or trader shall not be deemed to be a bank within the meaning of this clause;

(v) "certificate of foreign insurance" means a certificate issued by a foreign insurer in Form 57 in compliance with these rules;

(vi) "foreign insurer" means a person or firm carrying on the business of insurance incorporated or domiciled outside India and not registered under the Insurance Act, 1938 (4 of 1938);

(vii) "fund" means the fund established under rule 151;

(viii) "Government security" means a Government security as defined in the Public Debt Act, 1944 (18 of 1944);

(ix) "guarantor" means an insurer who has guaranteed a foreign insurer in pursuance of these rules, and "guarantee", "guaranteed" and "guaranteeing" have corresponding meanings;

(x) "visitor" means a person bringing a motor vehicle into India and making only a temporary stay therein not extending to a continuous period of more than one year.

Inland insurance

141. Certificate of insurance.—An authorised insurer shall issue to every holder of a policy of insurance, a certificate of insurance in Form 51 in respect of each such vehicle.

142. Cover notes.—(1) Every cover note issued by an authorised insurer shall be in Form 52.

(2) A cover note referred to in sub-rule (1) shall be valid for a period of sixty-days from the date of its issue and the insurer shall issue a policy of insurance before the date of expiry of the cover note.

143. Issue of certificates and cover notes.—Every certificate of insurance or cover note issued by an insurer in compliance with the provisions of this Chapter shall be duly authenticated by such person as may be authorized by the insurer.

144. Transfer of certificate of insurance.—When the ownership of a motor vehicle covered by a valid insurance certificate is transferred to another person together with the policy of insurance relating thereto the policy of insurance of such vehicle shall automatically stand transferred to that other person from the date of transfer of ownership

of the vehicle and the said person shall within fourteen days of the date of transfer intimate to the authorized insurer who has insured the vehicle, the details of the registration of the vehicle, the date of transfer of the vehicle, the previous owner of the vehicle and the number and date of the insurance policy so that the authorized insurer may make the necessary changes in his record.

145. Exclusion of advertising matter.—No certificate of the insurance or cover note issued in pursuance of Chapter XI of the Act and of this Chapter shall contain any advertising matter either on the face or on the back thereof.

146. Certificates or cover notes lost, destroyed, torn, soiled, defaced or mutilated.—(1) **Where the holder of a policy—**

(a) lodges with an authorised insurer a declaration in which he declares that a certificate of insurance or cover note issued to him by such insurer has been lost, destroyed, torn, soiled, defaced or mutilated and sets out full particulars of the circumstances connected with the loss or destruction of the certificate or cover note and the efforts made to find it; or

(b) returns to the authorised insurer the certificate of insurance or cover note issued to him by such insurer in a torn, soiled, defaced or mutilated condition; and

(c) pays to the insurer a fee of rupees twenty in respect of each such certificate or cover note, the authorised insurer shall, if satisfied that such certificate or cover note has been lost or destroyed and that all reasonable efforts have been made to find it, or that it has been destroyed or is soiled, defaced or mutilated, as the case may be, issue in lieu thereof a duplicate certificate of insurance or cover note with the word "Duplicate" prominently endorsed to the effect.

(2) When a duplicate certificate or cover note has been issued in accordance with the provisions of sub-rule (1) on representation that a certificate or cover note has been lost, and the original certificate or cover note is afterwards found by the holder, the original certificate or cover note, as the case may be, shall be surrendered to the insurer.

147. Records to be maintained by authorised insurers.—Every authorised insurer shall keep a record of the following particulars in respect of every policy of insurance issued by him for a period of five years, namely:—

(i) full name and address of the person to whom the policy is issued;

(ii) in the case of a policy relating to a specified motor vehicle, the registration mark and the number of such vehicle and in other cases, description of the vehicle covered;

(iii) the date on which the policy of insurance comes into force and the date of its expiry;

(iv) the conditions subject to which the persons or classes of persons specified in the policy of insurance will be indemnified;

(v) the number and date of issue of every certificate of insurance or cover note issued in connection with the policy of insurance;

(vi) the date, if any, on which any duplicate certificate of insurance or cover note was issued;

(vii) whether, after the issue of duplicate, the original certificate of insurance was found and subsequently surrendered to the insurer and if so, on which date.

148. Records of exempted vehicles.—(1) In the case of a motor vehicle owned by any of the authorities specified in sub-section (2) of section 146 as also in the case of motor vehicles exempted under sub-section (3) of section 146, a certificate in Form 53 signed by a

person authorised in that behalf by such authorities may be produced in evidence that the motor vehicle is not being driven in contravention of section 146.

(2) The authority referred to in sub-section (2) or exempted under sub-section (3) of section 146 shall keep a record of the motor vehicles owned by it in respect of which a policy of insurance has not been obtained and of any certificates issued by it under these provisions in respect of such vehicles, and of the names and addresses of the persons to whom such certificates have been issued and of the cancellation of any such certificates.

149. Supply of information.—Any person, authority or authorised insurer required under the provisions of this Chapter to keep records of documents shall furnish on request without any charge any particulars thereof to the Central Government or a State Government or to any police officer authorised in this behalf by the State Government.

150. Furnishing of copies of reports to Claims Tribunal.—(1) The police report referred to in sub-section (6) of section 158 shall be in Form 54.

(3) A registering authority or a police officer who is required to furnish the required information to the person eligible to claim compensation under section 160, shall furnish the information in Form 54, within seven days from the date of receipt of the request and on payment of a fee of rupees ten.

151. Establishment of fund.—(1) Each of the authorities referred to in subsection (3) of section 146 shall establish a fund for meeting any liability arising out of the use of any motor vehicle of that authority or any person in its employment may incur to third parties including liability arising under the Workmen's Compensation Act, 1923 (8 of 1923).

152. Amount of the fund.—(1) The fund shall be established with an initial amount of not less than rupees five lakhs and the said amount shall be kept in deposit with a bank or the Government.

(2) Subject to the provisions of sub-rule (3), the authority shall pay into the fund at the beginning of each accounting year in respect of its vehicles in running condition a sum of not less than rupees two hundred per vehicle.

Explanation.—In this sub-rule "vehicles in running condition" means all the vehicles of the authority which are expected to be in operation at any time during the accounting year.

(3) When the fund exceeds rupees twenty lakh or rupees two thousand and five hundred per vehicle for the entire fleet of vehicle, whichever is less, annual payment referred in sub-rule (2) shall cease provided that if thereafter the amount at the credit of the fund falls below rupees twenty lakhs or rupees two thousand and five hundred per vehicle for the entire fleet of vehicles, whichever is less, such annual payment shall again be resumed:

Provided that if any authority other than the Central Government is of opinion that the amount of rupees twenty lakhs or rupees two thousand and five hundred per vehicle for the entire fleet of vehicles, whichever is less, is not adequate, it may, with the previous approval of the Central Government continue the annual payment beyond rupees twenty lakhs or rupees two thousand and five hundred per vehicle, as the case may be.

153. Investment of the fund.—From the amount at the credit of the fund the authority shall keep and maintain a cash deposit of not less than rupees fifty thousand in the bank and the rest of the amount at the credit of the fund shall be invested in Government securities.

154. Securities held as a deposit in the fund.—(1) All Government securities in which the fund is invested shall be transferred to the bank by the authority.

(2) It shall be competent for the authority at any time to exchange the Government securities for cash or for other Government securities of equal or greater market value, or both, and the bank shall carry out the instructions issued by the authority for such exchange after charging the usual commission to the authority. The securities so exchanged shall also be transferred to the bank.

155. Deposit procedure.—(1) As soon as the fund is established, the bank shall send to the authority a statement specifying the assets held by it on behalf of the authority and shall also send a copy thereof to the Central Government in the Ministry of Surface Transport or the State Government concerned, as the case may be.

(2) The statement referred to in sub-rule (1) shall be sent in the same manner and to the same authorities whenever there is a change in the assets of the authorities held by the bank.

156. Interest on deposits.—Interest realised on each deposit or the securities held in the fund shall be paid by the bank to the authority.

157. Withdrawal.—(1) No amount shall be withdrawn from the fund except for the purpose of meeting any liability arising out of the use of any motor vehicle of the authority which the authority or any person in the employment of the authority may incur to third parties including liability arising under the Workmen's Compensation Act, 1923 (8 of 1923).

(2) The authority shall, subject to such conditions and restrictions as it may impose in this behalf, authorise one of its officers to draw money from the fund for the purpose mentioned in sub-rule (1).

(3) A copy of the authorisation referred to in sub-rule (2) duly authenticated by a competent officer of the authority shall be sent to the bank which shall permit withdrawal only by the officer named in such authorisation subject to the conditions and restrictions contained therein.

158. Settlement of claims.—The authority shall comply with such directions as the Central Government or the State Government, as the case may be, may, from time to time issue, with respect to the procedure to be followed for settlement of claims which are to be met out of the funds.

Foreign insurance

159. List of foreign insurers.—(1) The Central Government shall publish in the Official Gazette a list (hereinafter referred to as the approved list) of foreign insurers who have been guaranteed in accordance with the provisions of this Chapter, together with the name of the guarantor or guarantors in each case and shall also publish from time to time any addition to or removal from the approved list.

(2) No foreign insurer's name shall be added to the approved list until such foreign insurer has been guaranteed by at least one insurer and the name of the foreign insurer who ceases to have at least one guarantor shall be removed from the list.

160. Guarantor of foreign insurer.—(1) An insurer who desires to guarantee a foreign insurer shall make application therefore to the Central Government in Form 55.

(2) The Central Government may, if it is satisfied that the application referred to in sub-rule (1) is in order and that it is expedient that the foreign insurer be placed in the approved list or, where the name of the foreign insurer is already included in the approved list, that the insurer should be added to the approved list as guarantor of the foreign insurer, and the name of the foreign insurer to the approved list if it is not already included, and include the insurer as a guarantor of such foreign insurer.

(3) A guarantor desiring to cease guaranteeing a foreign insurer shall give notice of not less than two months to the Central Government in Form 56, and where such notice has been given, the guarantor shall be deemed to have ceased to guarantee the foreign insurer from the date specified in the notice:

Provided that the insurer shall be deemed, in respect of all certificates of foreign insurance endorsed or renewed in accordance with the provisions of sub-rule (2) of rule 161 before the date of such cessation, to continue as the guarantor of the foreign insurer who has issued the certificate as if the guarantor had not ceased to be his guarantor.

(4) If at any time a guarantor ceases to be an insurer, the Central Government may, after giving such notice as may appear to it to be necessary, remove from the approved list the name of such guarantor wherever it appears:

Provided that the guarantor who ceases to be an insurer shall be deemed, in respect of all certificates of foreign insurance endorsed in pursuance of the provisions of sub-rule (2) of rule 161 before the date of removal of the name of the guarantor from the approved list, to continue as the guarantor of the foreign insurers as if the guarantor had not ceased to be an insurer and as if his name had not been removed from the list.

161. Endorsement of certificate of foreign insurance.—(1) A visitor wishing to have a certificate of foreign insurance endorsed or re-endorsed shall produce such certificate in Form 57 before the Customs Collector at a port of entry or land customs post or to such other officer as the Central Government may, by notification in the Official Gazette appoint, for the purpose of endorsement in accordance with the provisions of this Chapter or for the purpose of the renewal of any endorsement already made on the certificate in accordance with this Chapter.

(2) Such officer shall, if satisfied that the certificate of foreign insurance complies with the requirements of the provisions of this Chapter, that the period of validity of such certificate in India has not expired, that the certificate has been issued by a foreign insurer in the approved list and that the guarantor specified in the certificate is shown in the approved list as a guarantor of the foreign insurer, make an endorsement thereon in Form 58.

(3) The period of validity of an endorsement or of the renewal of an endorsement made as aforesaid shall not in any case extend beyond the date on which the certificate of foreign insurance ceases to be effective in India:

Provided that when a visitor obtains a fresh certificate of foreign insurance during the period of his stay in India, the period of validity of an endorsement made upon it added to the period of validity of an endorsement or endorsements that may have been made upon the original certificate, shall not exceed one year in all.

162. Validity of certificate of foreign insurance.— A certificate of foreign insurance carrying an endorsement in accordance with the provisions of rule 161 shall have effect as if it were a certificate of insurance issued by the guarantor specified in it and shall be deemed to comply with the requirements of Chapter XI of the Act; and the policy to which it relates shall also be deemed to have been issued by such guarantor and to comply with the requirements of Chapter XI of the Act.

163. Maintenance of records by the guarantor.—Every guarantor shall in respect of certificates of foreign insurance issued under his guarantee by the foreign insurer whom he has guaranteed and every person who has ceased to be a guarantor shall, in respect of the certificate of foreign insurance issued under his guarantee by the foreign insurer whom he had guaranteed at any time in the preceding five years, keep a record of such particulars relating to the policies in connection with which the certificates of foreign insurance were issued as are required to be kept by insurers under the provisions of rule 147 in respect of policies, and the necessary additions to those records required to make them up to date shall be made as soon as is reasonably possible in the circumstances.
