



FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS

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CIN U74140DL2004PNL130324

For Immediate Release

## **F A D A is thankful to IRDA for making Long Term PA Insurance optional**

**12<sup>th</sup> Oct'18, New Delhi** – The Federation of Automobile Dealers Associations (F A D A) expresses its utmost gratitude towards Insurance Regulatory Development Authority of India (IRDAI) for releasing a clarification (IRDAI/NL/CIR/MOTP/170/10/2018) on the compulsory PA cover of Rs. 15 Lakhs for 5 years and clarifying that it is the choice of the owner-driver to opt for a one-year CPA cover or long-term CPA cover.

It has also been clarified that compulsory PA cover is not applicable where a vehicle is owned by a company, a partnership firm or a similar body corporate or where the owner-driver does not hold a valid driving licence.

The earlier notification bearing the number IRDAI/NL/CIR/MOTP /LSB/09/2018 had immediately started to impact the sales of Passenger Vehicles and specially 2-wheeler vehicles where the insurance cost as a percentage of vehicle cost shot up to as high as 19%.

**F A D A President, Mr Ashish Harsharaj Kale said,** “ While we were trying to absorb the impact of mandatory 3 & 5 years sale of Third Party Insurance Cover, the sudden notification for mandatory PA cover of 15 lakhs came as a big jolt, especially for 2 wheeler category. I am glad that IRDAI has issued a clarification on long term PA being optional and considered the representation given by F A D A and SIAM. This clarification will certainly improve the sentiments of the industry and will help us boost sales during the current festive season. ”

F A D A is also thankful to Society of Automobile Manufacturers (SIAM) for taking up this issue with IRDAI as it is our members, the Auto Retailers, who had to face the brunt of end customers as they found that the vehicles which they wanted to purchase had unexpectedly become so costly! To showcase its viewpoint, F A D A had also sent its representation to IRDAI on 1<sup>st</sup> October'18.



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### ***About F A D A***

Founded in 1964, Federation of Automobile Dealers Associations (F A D A), is the apex national body of automobile retail industry in India engaged in the sale, service and spares of 2/3 Wheelers, Passenger Cars, UVs, Commercial Vehicles (including buses and trucks) and Tractors. F A D A India represents over 15,000 automobile dealers having 25,000 dealerships including 30 Associations of Automobile Dealers at the Regional, State and City levels accounting for 90% of market share in India. Together we employ over 2.5 million direct employees and another 2.5 million as indirect employees, making it a total of ~5 million people in the country at dealerships and service centres.

F A D A India, at the same time also actively networks with the industries and the authorities, both at the Central & State levels to provide its inputs and suggestions on the Auto Policy, Taxation, Vehicle Registration Procedure, Road Safety and Clean Environment, etc. to sustain the growth of the Automobile Retail Trade in India.