

**THE IMPACT OF MOTOR VEHICLE (AMENDMENT) ACT 2019 ON  
VEHICLE USERS AND VEHICLE INSURANCE**

**PROJECT REPORT**

*Submitted To*

**MAHATMA GANDHI UNIVERSITY, KOTTAYAM**

In partial fulfilment of the requirements for the award of the degree of

**BACHELOR OF COMMERCE**

*Submitted by*

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**2017-2020**

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### **CERTIFICATE**

This is to certify that the project work entitled '**THE IMPACT OF MOTOR VEHICLE (AMENDMENT) ACT 2019 ON INSURANCE USERS AND VEHICLE INSURANCE**' is a bonafide piece of work done by ANN LAYA MELBIN (Reg. No. 170021056466), ANNA ASHNA RAPHEL (Reg. No. 170021056467), ANSHIYA ANTONY (Reg. No. 170021056468), in partial fulfilment of the requirements for the award of degree of Bachelor of Commerce in Mahatma Gandhi University, Kottayam, under my supervision and guidance and that no part thereof has been presented earlier for the award of any other fellowship, associate ship etc.

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We, **Ann Laya Melbin (Reg. No. 170021056466)**, **Anna Ashna Raphel (Reg. No. 170021056467)** and **Anshiya Antony (Reg. No. 170021056468)** hereby declare that the project report entitled **‘THE IMPACT OF MOTOR VEHICLE (AMENDMENT) ACT 2019 ON INSURANCE USERS AND VEHICLE INSURANCE’** is a bonafide work done by us under the guidance and supervision of Mr. Shiju C R, Department of Commerce, St. Paul’s College, Kalamassery.

We also declare that this work has not been submitted by us fully or partially for the award of any other degree, fellowship, associate ship or other similar title of any other university or board.

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**CHAPTER 1**  
**INTRODUCTION**

## **1.1 INTRODUCTION**

Motor Vehicles (Amendment) Act 2019 had been implemented in the country since September 1, 2019. This new act has increased fine for many offences to check the road accidents and improve the road safety in the country. As per the report of the Ministry of Road Transport and Highways, 2017; there are about 5 lakh road accidents occurred in India every year in which around 1.5 lakh people are killed. According to the 2018 report of the World Health Organization, the highest number of road accidents occur in India worldwide. Even China, the most populous country, is behind us in this regard. So in order to prevent the menace of road accidents; the central government has amended the Motor Vehicle 1988 by the Motor Vehicles (Amendment) Bill 2019. This new act is being passed by the Lok Sabha on Jul 23, 2019 and by Rajya Sabha on Jul 31, 2019. Slowly, as all States begin implementing the provisions of the Act with heftier fines and imprisonment for drinking and driving, driving without license and insurance and juvenile offences, people may start to follow rules and road accidents may actually reduce. There has been a rush among motorists to renew their lapsed insurance policies, according to data from the largest online insurance aggregator. A valid motor insurance is important so that the aggrieved parties in a road accident get compensation.

## **1.2 SIGNIFICANCE OF THE STUDY**

In recent times, rarely would there have been changes in legislation touching each and every stage of life therefore the Motor Vehicles (Amendment) Act, 2019 impacts everyone. As far as road safety is concerned, discipline is imperative. If implemented in spirit, the law can change road habits of all by not only imposing stiffer penalties for breaking rules, but also trying to inculcate a sense of responsibility among the citizens to abide by them. This study helps to analyse the awareness among vehicle users (students) regarding the new amendment, its effects and various changes in vehicle insurance policies.

### **1.3 SCOPE OF THE STUDY**

The project is undertaken with the objective to study the impact this amendment act on vehicle insurance and its awareness among selected respondents within Ernakulam district. Scope of the study may confine to the students of few selected colleges. The awareness among respondents are determined by various factors which are subject to study

### **1.4 PROBLEM STATEMENT**

The present study is conducted on topic 'A STUDY ON THE IMPACT OF MOTOR VEHICLE (AMENDMENT) ACT 2019 ON VEHICLE INSURANCE'. It helps in evaluating the awareness regarding the act and changes in vehicle insurance policies. It also gives emphasis to comparative analysis, its importance and effectiveness etc.

### **1.5 OBJECTIVES**

2. To identify the level of awareness among the vehicle users.
3. To make comparative analysis based on many factors such as age, gender and income level.
4. To identify the mostly preferred vehicle insurance company.
5. To analyse the changes in number of policies before and after the amendment in act.
6. To find the profitability of insurance industry.

### **1.6 METHODOLOGY OF THE STUDY**

**Research Design:** Current study is both descriptive and analytical. Analytical in the sense that study analyses consumer awareness and reaction regarding the new amendment in act and the knowledge and awareness of vehicle users regarding the importance and changes in various vehicle insurance policies.

**Population and sample:** Population consists of students who are using vehicles and agents engaged in vehicle insurance activities. Sample size adopted in the study is 50

students and 30 agents. Convenient sampling technique was adopted for the sample determination.

**Collection of data:** Both primary and secondary data were used for the data collection.

**Primary data:** They were collected by conducted by conducting surveys through questionnaires. Two questionnaires were prepared for the data collection; one for the students and the other for the agents.

**Secondary data:** They were collected from published sources like newspapers, magazines, journals, websites, etc

**Tools of Analysis:** Percentage method is used to analyse the data. Tabular and graphical representation is used here.

## 1.7 LIMITATIONS OF STUDY

- Period of study is restricted due to time constraints.
- The study is based upon information collected from the systematically selected respondents. Hence, there may be sampling errors and information may be biased.

## 1.8 KEYWORDS

- **Vehicle users:** In this study the term ‘Vehicle user’ is defined as the student who uses vehicles like two wheeler, three wheeler and four wheeler.
- **Vehicle insurance:** In this study the term ‘vehicle insurance’ can be defined as the insurance on vehicles. Motor insurance available in India can be broadly classified into two-wheeler insurance, car insurance, and commercialvehicle insurance.
- **Level of awareness:** The level of awareness on the vehicle insurance ismeasured basedon the factors like age, gender, education,type of licence,gender etc.

## 1.9 CHAPTERISATION

**Chapter 1 – Introduction:** The chapter gives a brief introduction about the topic, its significance in the research areas, problem statement, methodology adopted, objectives to be achieved and limitations of the study.

**Chapter 2 – Literature Review:** The chapter deals with the literature relating to the topic under study. It also includes analysis of secondary data relating to the topic under study.

**Chapter 3 – Theoretical Framework:** This chapter includes the theoretical aspects related to this topic under study.

**Chapter 4 – Data Presentation and Analysis:** It includes the analysis and presentation of primary data collected based on the variables related to the study along with a table representing provision and penalty amount of the Act under study.

**Chapter 5 – Conclusion and Recommendation:** It deals with the brief summary of what the research has found out from the study and the final conclusion and recommendations.

**CHAPTER 2**  
**REVIEW OF LITERATURE**

## **2.1 INTRODUCTION**

A review of literature was conducted to identify and summarise findings related to vehicle insurance, users and Motor Vehicle Act research conducted this far. The literature reviewed in here consisted of book and report references collected and made from academic and industry sources.

The review was conducted primarily through internet searches of online data bases, publications and other sources. The primary factor of this review is to examine and study the history, growth and classification of insurance and vehicle insurance in India and how much impact it created.

### **A. Books References**

**The Chartered Institute of bankers (London), "Insurance" 3rd Edition Banker's book limited 1996 New Delhi. Book no: - 16481 (MA)**

The basic understanding of the concept of risk, the development and the role of insurance industry, various classes of insurance, types of provider and the legislative environment all within the wider context of financial services is explained in detail in the book.

The scope and purpose of insurance and the principles of the insurance contracts are the essential terms mentioned. The book provides the impact of Globalisation, harmonisation and Convergence. It also explains the concept and role of insurance within financial framework. References are taken from book for further studies on the topic related to insurance mechanism.

**Mr. H. Narayanan, "Indian Insurance a Profile - Past and Present of Indian Insurance Industry with focus on Global Changes" JICO Publishing House Mumbai 2010**

The insurance industry in India has come a long way as the makers of modern and independent India decided to bring in the life insurance industry into mainstream of national life to give a meaningful expression to the social aspiration of the people of India. The book shows the effectiveness and role of Life Insurance Corporation and the General Insurance Corporation in contributing to the modern India as part of the post independent economic history of India. Though these two organisations have interlaced and intertwined their destiny with that of India, the preference shift in the Indian markets and new realities of the Global Economic order and demands arising out of multilateral trade agreements have all left India with no option other than throwing open its economic and commercial policies to global competition and challenges. In such circumstances the Insurance Industry of India could not remain protected from facing new challenges. The global exposure of the Indian Economy appears to have paved for the unprecedented economic resurgence.

Author H. Narayanan tries to explain briefly the past and the present of the insurance industry in India with an eye on the global changes. The concept and the definition of insurance, insurance contract, and the history of motor vehicles act beginning were taken as reference study material.

**U. R. Sarkar "Motor Vehicles Act 1988" Sodhi Publications 4th Edition New Delhi-Allahabad 2011.**

The book is about Motor Vehicles Act 1988, which is a provision of the Act contained in each units of the book. The book analyses the Act which has stringent provisions regarding issues of driving licenses to drivers as well as conductors. The operations of transport vehicles and state transport undertaking are also been analysed in the book. Control of traffic, insurance vehicles against third party risks and liability without fault, fault liability, compensation on structured formula basis hit and run accidents have been analytically and critically shaped in this edition of book in order to understand the governmental operations according to the impositions of act in Indian vehicle industry.



The book also contains special coverage on various types of negligence and liability of insurance companies. The basic definition of motor vehicles and types of vehicles were taken as reference study.

**DheerajRazdan "Insurance Principles, Application and Practices"  
CyberTech Publication New Delhi 2008, Book no; - 20257 (NIA)**

The details of history and origins of insurance business in world are mentioned in the book. The analysis of general insurance business operations and decision making are given in comprehensive pattern.

Book analyses the business policy of insurance in India, claims procedures, salvage disposal. Basic claims settlements, insurance risk management and its procedures of insurance business in India are mentioned in the book. Operation of insurance business in India along with the governmental procedures is also mentioned in detail. The financial procedures and policies are given in detail format. The concept of history and origins of insurance is taken as a reference for study.

**M. N. Mishra "Insurance Principles and Practices" S. Chand /  
CompanyLtd. New Delhi 2005, Book no;- 18496 (MA)**

The book on Insurance Principles and Practices is divided into five segments as the first segment is on Introduction to the Insurance, second segment is on Life Insurance, third segment is on Marine insurance, fourth segment is on Fire Insurance, and fifth segment is on Miscellaneous Insurance along with the prospects of insurance and privatisation of insurance industry in India is mentioned in details. The certain parts of reference from the book on introduction of the term insurance are reviewed for reference study.

**V.B. Kolhatkar, V.A. Pai "Motor Insurance" Insurance Institute  
ofIndia Mumbai 1999, Book no;- 1640 (NIA)**

Author's book is a detailed analysis about the motor insurance. The history of motor insurance, introduction about the Motor Insurance in India, legal aspects regarding

the rules and regulations on motor insurance in India, motor policies and its impact in India, motor tariffs, documentations process of motor insurance, underwriting process of motor insurance in India and the claim procedures of motor insurance in India are mentioned in the book. The history of motor insurance, types of motor vehicles, and the Motor Vehicle Act 1988 is taken for the reference study.

**U.R. Sarkar "Motor Accidents, Insurance Claims and Compensation" 4th Edition Sodhi Publications New Delhi - Allahabad 2009**

The book is a detailed analysis of motor accidents, insurance claims and compensation. The detailed analysis of the claim procedure and the compensation process of insurance procedure have been mentioned. The detailed provisions of motor insurance, personal injuries and disability and review and revision process of claims tribunal courts is mentioned in the book. The Motor Vehicles Rule Acts along with cases of certain states is given and the essential aspects of insurance claims and compensations explained in the book are referred for the present study.

**Taxmann - "Taxmann's Guide To Motor Vehicle Act 1988 as amended by Motor Vehicle Amendment Act 2019".**

This book is a compendium of law relating to Motor vehicle Act, 1988. Recently, the law relating to Motor Vehicles has been amended through the Motor Vehicles (Amendment) Act, 2019 incorporating significant changes in the substantive provisions of the Act. This book provides a guide in a lucid and easy to understand language on each amendment made by the Motor Vehicles (Amendment) Act, 2019. It also covers the full text of the Amendment Act, 2019, Notifications and Frequently Asked Questions. Details regarding the new amendment introduced, provisions are taken for reference.

## **B. Reports References**

### **Confederation of Indian Industry Ernst & Young "Indian Insurance Sector- Stepping into next Decade of Growth" Date - 1.9.2010**

The report given by the editorial team of Confederation of Indian Ernst & Young provides extensive information on Indian industry overview. Indian industry is on the road of development. There are critical factors for market development and a way forward for Indian Insurance sector. The report is also an analysis of growth drivers, financial inclusions, distribution channels, emerging trends, untapped latent potential industry, and the current market state and consumer preferences. The Indian Insurance market and Evolution of the industry is taken as the reference study from the given report.

### **Moody's-ICRA Global Insurance (Editors Panel) "Indian General Insurance Industry' Outlook Major Changes Expected as deregulation Continues" Date-14.04.2008**

The report is an analysis of the insurance sector summary regarding the opinion on the economy and the market for the future purpose of the Indian insurance sector. The strength, opportunities, weakness and challenges of the insurance industry based on the market condition and overall financial profile trends of the insurance sector in India and the Moody's related research on the investors services guide is mentioned in the report. Certain parts of information on strengths and opportunities of insurance sector and weakness and challenges of the Indian insurance sector are taken for the reference study.

### **A.Vijayakumar (Reader in Commerce Erode Arts College Tamil Nadu) "Globalisation of Indian Insurance Sector - Issues and Challenges" Date - 01.01. 2002**

The author analyzes his report by showing the opening up of insurance sector that will foster competition, innovation and product variations. However in this context one has to consider various issues at stake including demand for pension plan, separateness of banking from insurance sector, role of IT, possible use of postal network for selling insurance products and above all and the role of Insurance Regulatory Authority. The report views on the Globalisation of Insurance sector and it further shows the view of IRDA and its operation in India. The report mentions the role of market structure, role of technology and the insurance sector reforms. The certain parts of references on origin and growth of historical background and the critical issues faced by insurance sector from the report are reviewed as the reference study.

**S Krishnamurthy, S V Mony, NaniJhaveri, Sandeep Bakhshi, Ramesh Bhat and M R Dixit, Sunil Maheshwari, and Ramesh Bhat (Coordinator)"Insurance Industry in India: Structure, Performance, and Future Challenges" Volume Date - 30 July - September 2005**

Report is the description of the future of life insurance which will be determined by the increase in pure protection products, a refreshing look at unit-linked plans launch of customized plans, and improved service levels. The insurance sector will grow steadily rather than rapidly. While the law and regulations are in place to ensure financial strength and solvency of insurers, the regulator's challenge lies in monitoring compliance. The opportunity for financial services is increasing all over the world. Big domestic companies with significant market shares in the local countries will have the opportunities to commence business in other markets. Keeping in mind the complexities of the industry, multi-product, multi-channel, and multi segment route needs to be followed for growth. The challenge of successfully implementing bank - assurance lies in training the staff, integrating the insurance products, and ensuring best quality service. .Agents in the insurance sector is critical for its success and in order to gain competitive advantage and quality people are

needed but attracting and retaining agents is a challenge. The certain parts on the challenges of Indian Insurance sector is reviewed as the reference study.

**CHAPTER 3**  
**THEORETICAL FRAMEWORK**

### **3.1 Introduction**

It is a generally acknowledged phenomenon that there are enormous risks in every sphere of life. For property, there are fire risks; for shipment of goods, there are perils of sea; for human life, there are risks of death or disability; and so on. The chances of occurrences of the events causing losses are quite uncertain because these may or may not take place. In other words, our life and property are not safe and there is always a risk of losing it. A simple way to cover this risk of loss money-wise is to get life and property insured. In this business, people facing common risks come together and make their small contributions to the common fund. While it may not be possible to tell in advance, which person will suffer the losses, it is possible to work out how many persons on an average out of the group may suffer the losses.

When risk occurs, the loss is made good out of the common fund. In this way, each and everyone share the risk. In fact, insurance companies bear risk in return for a payment of premium, which is calculated on the likelihood of loss.

### **Insurance- Meaning and definition**

Insurance is a contract between two parties. One party is the insured and the other party is the insurer. Insured is the person whose life or property is insured with the insurer. That is, the person whose risks are insured is called insured. Insurer is the insurance company to whom risk is transferred by the insured. That is, the person who insures the risk of insured is called insurer. Thus insurance is a contract between insurer and insured. It is a contract in which the insurance company undertakes to indemnify the insured on the happening of certain event for a payment of consideration. It is a contract between the insurer and insured under which the insurer undertakes to compensate the insured for the loss arising from the risk insured against. Some definitions of insurance are given below:

- Insurance may be defined as a co-operative form of distributing a certain risk over a group of persons who are exposed to it. - Gosh and Agarwal
- Insurance is a process in which uncertainties are made certain. - Mc Gill
- Insurance is a plan wherein persons collectively share the losses of risks. - Jon Megi

## **Brief History**

The growth of insurance industry is associated with the general growth of industry, trade and commerce. The origin of insurance services may be traced back to 14th Century in Italy when ships carrying goods were covered under different perils. Thus marine insurance become oldest insurance practice. The systematic and orderly beginning of the insurance industry took place in UK at Lloyds coffee house in Tower Street in London. In developing countries, insurance sector has assumed special significance as it has the potential to speed up the rate of growth of the economy. Insurance Industry assists the development process of an economy in several ways. Primarily, it acts as mobilising agent of savings, financial intermediary promoter of investment activity, stabilizer of financial market, risk manager and an agent to allocate capital resources efficiently.

Although the insurance industry has grown rapidly in the industrialized countries, its growth in developing countries has neither been satisfactory nor in tandem with the growth of other sectors of the economy. The most industrialized countries in the world still account for 88% of global premium volume. The share of developing countries is extremely low. The slow growth insurance services in developing countries calls for an in-depth analysis of the nature and pattern of the evolution of these services policies pursued to develop the insurance industry and constraints thereof also need close examination.

### **The Indian History of Insurance**

Regrettably, the Indian insurance industry has lagged behind even amongst the developing countries of the world. Although general insurance services started in India about 150 years ago, their growth has been dilatory, as reflected by low insurance penetration and density. Several factors are responsible for this state of affairs, the chief being the monopoly status of the industry till recently. The life insurance business was nationalized in 1956 and the general insurance industry in 1973. The lack of competition has impeded the development of insurance industry in India, resulting in



low productivity and poor quality of customer services. The process of liberalization and globalization of the Indian economy started in earnest in mid-1980s. The market mechanism was the motivating factor underlying the new economic policy. In consonance with the new economic policy, insurance sector was opened up for the private sector in 1999. The new competitive environment is expected to benefit the consumers, industry and the economy at large. The consumer will have a greater choice in terms of number and quality of products, low premium rates, efficient after sales services while the economy will benefit in terms of larger flow of savings, increased availability of investible funds for long term projects, enhanced productivity and growth of multiple debt instruments.

Life Insurance had its beginning in ancient Rome, where citizens formed burial clubs that would meet the funeral expenses of its members as well as help survivors by making its payments. The first stock company to get into the business of insurance was chartered in England in 1720. In the year 1735 saw the birth of the first insurance company in American Colonies in Charleston. In 1759, the Presbyterian Synod of Philadelphia sponsored the first Life Insurance Corporation in America. However, it was after 1840 that Life Insurance really took off in a big way.

The 19th century saw huge developments in the field of insurance with the newer products being devised to meet growing needs. The history of insurance in our country is somewhat darkened. The earliest reference of life insurance was available in the days of East India Company, when the policies were taken only by the British officers. The policy was issued by British officers in sterling currency. Oriental was the first foreign insurance company established in India in 1818. Foreigners, orphans and widows were become subject matter for the oriental company. The company started accepting the Indians in 1834 due to the efforts of BabuMuttylal. 'Bombay Life', a company had issued short term policies for 2-3 years in 1823. Raja Ram Mohan Roy, the man who pleaded for protecting widows through government insurance 'Bombay Mutual Life Assurance Society' was established by some prominent citizens of Bombay in 1871. European merchant also started 'Bombay Insurance Society' in 1893 by voluntary efforts. Mr. CurstjeeFurdoonju was the first insured person of India. This policy was

insured in 1848 by royal Insurance which started in 1845. It was the beginning of the Indian insurance venture.

## **Types of Insurance**

Insurance can be classified as following.

### **1. Marine Insurance**

Marine insurance is the oldest insurance which was introduced long back to compensate on sea and to compensate the loss due to various sea perils or loss of the ship etc. In today's context, marine insurance is an important part of trade and commerce and is a significant part of global insurance business. Marine insurance play a key role in international trade. Law relating to marine insurance is Marine Insurance Act 1963.

According to section 3 of marine insurance act, 1963 defines marine insurance as, a contract where by an insurer undertakes to indemnify the assured against marine losses that is to say the losses incidental to marine adventure.

### **2. Fire Insurance**

Fire insurance is a recent developed concept in insurance sector. It is covered under the insurance act 1938. Definition:“Fire insurance is a cover against the risk of loss of property due to fire accident.” Fire Insurance is a contract where by the insurer undertakes in consideration of the premium paid to make good any loss cause by the fire during a specific period. The specific amount to be assured or claimed in case of loss should be mentioned or specified in the contract.

### **3. Social Insurance**

Social insurance is a government-run insurance programme operated soundly using actuarial techniques but funded primarily by current contributions while relying on the taxing power of the government to guarantee solvency. Social security is a part of social insurance system. This insurance system is not popular in india.The social insurance programmes of countries are drawn up based on their specific Needs. In the United States the following are the characteristics of social insurance:

- Compulsory programmes
- Floor of income- The main aim of social insurance is to provide minimum required benefit to meet the needs.
- Social adequacy rather than individual equity
- Benefits loosely related to earnings
- Benefits prescribed by the law
- No means test: These benefits are given as a right. No formal test is needed.
- Full funding unnecessary
- Financially self-supporting
- Medicare support

#### **4. Vehicle Insurance**

According to Motor Vehicles Act, every motor vehicle running on the road has to be insured, if not with at least a liability policy. Generally, there are two types of motor insurance policy; one covers the act of liability while the other covers all liability and damages caused to the vehicles. As per the provisions of the MV Act 1938 (amended in 1988), it was made compulsory for motorists to insure against the risk of liability to third parties. In other words, the insurance of motor vehicle against risk is not mandatory but insurance of third party liability arising out of use of motor vehicle in public places is mandatory. Important types of policies are:

- Act liability only policy (Form A policy)
- Third party only policy
- Comprehensive policy
- Garage insurance policy
- Collision insurance policy

#### **5. Medical Insurance**

It covers all medical expenses following hospitalization from sudden illness or expenses from any kind of accident. It is an Insurance against loss by illness or bodily injury. Health insurance provides coverage for medicine, visits to the doctor or emergency room, hospital stays and other medical expenses. Policies differ in what

they cover, the size of the deductible and/or co-payment, limits of coverage and the options for treatment available to the policyholder. Health insurance can be directly purchased by an individual, or it may be provided through an employer. Medicare and Medical aid are programs which provide health insurance to elderly, disabled, or un-insured individuals. There are a number of companies which provide private health insurance, including Blue Cross, United Healthcare, or Star health. Important policies are:

- Individual Mediclaim policy
- Group Mediclaim policy
- Jan ArogyaBhima policy
- Cancer policy
- BhavishyaArogya policy
- Overseas medical policy
- VideshYatraMitra policy

#### **6. Accident Insurance**

This insurance policy allows full compensation for injury and even loss of life caused by an accident. It also includes compensation of cost of treatment and the use of hospital facilities in the process of treatment.

#### **7. Burglary Insurance**

Burglary insurance policies provide insurance coverage against burglary, theft etc of valuable goods

#### **8. Crop Insurance**

This insurance is designed to provide a measure of financial support to farmers in the event of crop failure due to drought, flood etc. and to restore credit eligibility for farmers after a crop failure, for the next crop season and to support and stimulate production of pulses and oil seeds. Crop insurance scheme is also known as RashtriyaKrishiBhimaYojana

## **9. Cattle Insurance**

This insurance provides cover against death of animals occurring during any period and if the animal is pregnant for less than four months, the indemnity will be restricted to 50% of the sum assured or market value whichever is less. This policy is also extended to cover the risk of permanent total disability on payment of extra premium.

## **10. Engineering Insurance**

This insurance is designed to protect the interest of contractors and principals in respect of civil engineering projects, like building, bridges, tunnel etc. this policy provides an “All Risks” cover. Important policies are:

- Boiler insurance policy
- Engine insurance policy
- Electrical Plant insurance policy
- Lifting machinery insurance policy

## **11. Public liability insurance**

Under Public liability Insurance Act, 1991, all the companies, individuals and persons owing and dealing hazardous good are required to take insurance policy satisfying the limits specified in the Act. For the purpose of insurance, public liability risk insurance is classified into;

- Industrial risks insurance
- Industrial All risks insurance
- Non-industrial risk insurance

## **12. Fidelity guarantee insurance**

In this insurance, the insurer undertakes to indemnify the insured (employer) in consideration of certain premium upto certain specified amount insured against for the loss arising through the fraud, or embezzlement on the part of the employees. This kind of insurance frequently adopted as a precautionary measures in cases where new and untried employees are given position of trust.

Important types of policies are:

- Individual policy
- Collective policy
- Floating or Floater policy
- Positions policy
- Blanket policy

## **Motor Vehicle Insurance**

Motor insurance broadly covers the insurance policies purchased for all kinds of motor vehicles including two-wheelers, three-wheelers, cars, commercial trucks, etc. The main use of motor insurance is to protect a vehicle against various possible eventualities such as accidental damages, thefts, and third-party liability. In India, it is mandatory for all vehicles to have third-party liability motor insurance. Though not mandatory, a comprehensive motor insurance cover will provide complete protection against own vehicle damages, personal injuries, and death.

## **Key Features of Motor Insurance**

Some of the key features of motor insurance can be listed as follows.

- Most motor insurance policies protect you and your vehicle from all kinds of manmade and natural disasters.
- There are multiple add-on covers available to provide extra protection for your vehicle. Some of these rider policies can be extremely beneficial when it comes to vehicle maintenance.
- The premium charge for motor insurance is calculated based on the IDV of the vehicle. During the time of renewal, the IDV is calculated again based on the depreciation of the vehicle.
- Premium discounts can be enjoyed by vehicle owners by choosing a higher deductible. Deductible refers to the amount of money you are willing to pay from your own hand during a claim. Many insurers allow flexible options when it comes to choosing a deductible for your motor insurance policy.

- No claim bonus is available with most motor insurance policies. If no claims have been made during a particular policy period, policyholders can enjoy no claim bonus in the form of premium discounts.
- Cashless car insurance benefit is available in the select network of garages affiliated to the insurance company. When the vehicle is serviced in these garages, vehicle owners have to pay only for the deductible amount opted by them.
- Almost all major motor insurance service providers provide online services when it comes to paying premiums and filing for claims. With this benefit, getting an insurance cover is no longer a cumbersome activity.

## **Types of Motor Insurance**

Motor insurance available in India can be broadly classified into two-wheeler insurance, car insurance, and commercial vehicle insurance. These types of insurance policies are likely to vary in terms of cost and extent of coverage. Insurance policies provided to personal vehicles such as cars and two-wheelers form a large chunk of the motor insurance market. In addition to this, insurance policies are also available for commercial vehicles such as large trucks and heavy motor vehicles (HMV).

### **Car insurance**

The number of cars plying the Indian roads is increasing day by day. With that, the car insurance market is also witnessing a massive growth in India. Regulations dictate that car insurance is mandatory in our country. Almost all car dealers have exclusive tie-ups with various insurance companies to provide car insurance for their customers. Premiums for car insurance are calculated based on the insured declared value (IDV) of the vehicle. In case of accident or theft, this IDV will be taken into consideration to provide compensation to the vehicle

### **Two-wheeler insurance**

India has recently overtaken China to become the world's largest two-wheeler market. Insurance for two-wheelers is already a major market in India with different players

offering different kinds of insurance products. Two-wheeler insurance is also mandatory in India, and all bike owners must have third-party liability insurance at the very least.

### **Commercial vehicle insurance**

Commercial vehicles are those that are not used for personal purposes. These vehicles are primarily used for carrying goods, and they include vehicles such as trucks and HMTVs. There are many commercial vehicle insurance products available in the market. They provide coverage for accidental damages to vehicles, personal injury, third-party liability, property damages, etc. Companies that operate a fleet of motor vehicles can take fleet motor insurance and save money on premium charges.

## **Benefits of Motor Insurance**

It is mandatory to have the basic motor insurance cover in India. However, it is not a good idea to take insurance just for the sake of legal obligation. There are tremendous benefits that can be obtained from this policy against various threats to your vehicle. Some of the key benefits of motor insurance can be given as follows.

- It protects your vehicle from damages.

Vehicular damages can come in many forms. It may occur due to accidents, floods, riots, fire, bad weather, etc. A comprehensive cover will help you get reimbursement against these damages incurred to your vehicle. In addition to this, you also have the option of taking add-on covers to maximize your protection.

- It eliminates third-party liability.

If you are at fault during an accident, you are liable to compensate for the damages caused to a third party. Third-party insurance is mandatory in India. Getting caught in an accident without a proper third-party cover will land you in all kinds of legal troubles. In addition to paying for the damages from your pocket, you may also have to face charges for not having insurance.

- It compensates dependents when accidents result in death.

Motor insurance does not stop at compensating for the damages incurred to a vehicle. A comprehensive cover also provides compensation to the dependents in case of fatal



accidents. In addition to life and health insurance benefits, this compensation will come in handy for a grieving family.

- It covers vehicles against theft.

When you lose your vehicle to theft, it will cause a huge financial strain. The compensation amount offered against the theft of a vehicle can be used to replace the vehicle. In order to get this compensation, the vehicle owner must produce an FIR copy along with a list of other documents as mentioned in the policy schedule. Compensation for theft will be provided only when the police could not locate the vehicle within a reasonable time.

## **THE MOTOR VEHICLE (AMENDMENT) ACT 2019**

With rapidly increasing motorisation, India is facing an increasing burden of road traffic injuries and fatalities. The road transport sector also plays a major role in the economy of the country. Numerous representations and recommendations in the form of grievances and suggestions from various stakeholders were received by the Central Govt., citing cases of increase in road accidents, delay in issue of driving licences, the disregard of traffic rules and regulations, etc.

Therefore, in order to improve road safety and transport system, it became necessary to amend the Motor Vehicles Act, 1988 (the Act) to address safety and efficiency issues in the transport sector. Hence, the amendments by the Motor Vehicles (Amendment) Act, 2019 (i.e. 2019 Amendment Act) was introduced in Lok Sabha on July 15, 2019 by the Minister for Road Transport and Highways, Mr. Nitin Gadkari.

The amendments address “the issues relating to road safety, citizen facilitation, strengthening public transport, automation and computerisation”. The amendments mainly focus on issues relating to improving road safety, citizens’ facilitation while dealing with the transport department, strengthening rural transport, last mile connectivity and public transport, automation and computerization and enabling online services. While replying to the debate on the Motor Vehicles (Amendment) Bill, 2019 in Rajya Sabha on 31-7-2019, the Minister of Road Transport & Highways said that the objective of the amendments was to provide an Efficient, Safe and Corruption Free Transport System in the Country.

## **Objectives of Motor Vehicle (Amendment) Bill, 2019**

### **Compensation for road accident victims:**

The central government will develop a scheme for cashless treatment of road accident victims during golden hour. The Bill defines golden hour as the time period of up to one hour following a traumatic injury, during which the likelihood of preventing death through prompt medical care is the highest. The central government may also make a scheme for providing interim relief to claimants seeking compensation under third party insurance. The Bill increases the minimum compensation for hit and run cases as follows: (i) in case of death, from Rs 25,000 to two lakh rupees, and (ii) in case of grievous injury, from Rs 12,500 to Rs 50,000.

### **Compulsory insurance:**

The Bill requires the central government to constitute a Motor Vehicle Accident Fund, to provide compulsory insurance cover to all road users in India. It will be utilized for: (i) treatment of persons injured in road accidents as per the golden hour scheme, (ii) compensation to representatives of a person who died in a hit and run accident, (iii) compensation to a person grievously hurt in a hit and run accident, and (iv) compensation to any other persons as prescribed by the central government. This Fund will be credited through: (i) payment of a nature notified by the central government, (ii) a grant or loan made by the central government, (iii) balance of the Solatium Fund (existing fund under the Act to provide compensation for hit and run accidents), or (iv) any other source as prescribed the central government.

### **Good Samaritans:**

The Bill defines a good Samaritan as a person who renders emergency medical or non-medical assistance to a victim at the scene of an accident. The assistance must have been (i) in good faith, (ii) voluntary, and (iii) without the expectation of any reward. Such a person will not be liable for any civil or criminal action for any injury to or death of an accident victim, caused due to their negligence in providing assistance to the victim.

**Recall of vehicles:**

The Bill allows the central government to order for recall of motor vehicles if a defect in the vehicle may cause damage to the environment, or the driver, or other road users. The manufacturer of the recalled vehicle will be required to: (i) reimburse the buyers for the full cost of the vehicle, or (ii) replace the defective vehicle with another vehicle with similar or better specifications.

**National Transportation Policy:**

The central government may develop a National Transportation Policy, in consultation with state governments. The Policy will: (i) establish a planning framework for road transport, (ii) develop a framework for grant of permits, and (iii) specify priorities for the transport system, among other things.

**Road Safety Board:**

The Bill provides for a National Road Safety Board, to be created by the central government through a notification. The Board will advise the central and state governments on all aspects of road safety and traffic management including: (i) standards of motor vehicles, (ii) registration and licensing of vehicles, (iii) standards for road safety, and (iv) promotion of new vehicle technology.

**Offences and penalties:**

The Bill increases penalties for several offences under the Act. For example, the maximum penalty for driving under the influence of alcohol or drugs has been increased from Rs 2,000 to Rs 10,000. If a vehicle manufacturer fails to comply with motor vehicle standards, the penalty will be a fine of up to Rs 100 crore, or imprisonment of up to one year, or both. If a contractor fails to comply with road design standards, the penalty will be a fine of up to one lakh rupees. The central government may increase fines mentioned under the Act every year by up to 10%.

**Taxi aggregators:**

The Bill defines aggregators as digital intermediaries or market places which can be used by passengers to connect with a driver for transportation purposes (taxi services). These aggregators will be issued licenses by state. Further, they must comply with the Information Technology Act, 2000.

**Issues and challenges with the amendment**

1. With a Fund already existing to provide compensation for hit and run accidents, the purpose of the new Accident Fund is unclear.
2. While the penalties for contravening provisions of the proposed scheme on interim relief to accident victims are specified in the Bill, the offences that would warrant such penalties have not been specified. It may be argued that imposing penalties without knowing the nature of the offences is unreasonable.
3. There will be implementation challenges at all-India level.
4. Road transport being a subject on the Concurrent List, State governments are also free to make their own laws and rules. Some states feel that the amendment infringes upon the rights of the states.
5. For effective monitoring of traffic violations and accidents and ensuring that the perpetrators don't go scot-free, electronic surveillance is essential that needs installation of CCTVs, Speed guns, and other equipments. This could involve substantial investment, and it is not clear who will bear the cost.
6. Laxity of vehicle-manufacturers in implementing safety features is also a concern.
7. States also have concerns about their powers being curtailed in the Motor Vehicle (Amendment) Bill.

The Standing Committee on Transport had observed that the majority of accidents being caused due to driver's fault may be erroneous. Other reasons for road accidents include fault of drivers of other vehicles, defect in condition of motor vehicle etc. Motor Vehicle Bill, 2019 seek to address these issues through stringent penalties and provisions.

**CHAPTER 4**  
**DATA PRESENTATION AND ANALYSIS**

## 4 INTRODUCTION

### DEMOGRAPHIC VARIABLES

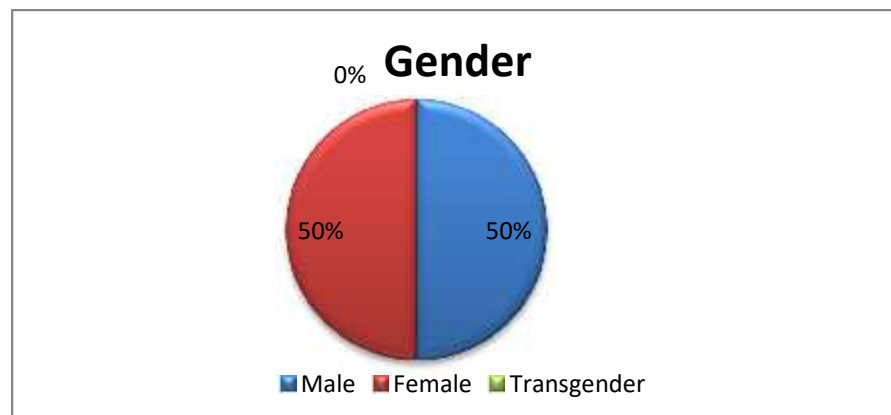
The data collected from respondents (students and agents) are presented and analysed in this chapter. The demographic variable of the respondent surveyed and analyzed include gender, age, qualification etc. Following table shows the gender, highest qualification and college and licence category of the respondents(students) in Ernakulum district surveyed on the topic.

### PRESENTATION AND ANALYSIS OF STUDENTS DATA

**TABLE 4.1: GENDER OF RESPONDENTS**

<b>GENDER</b>	<b>FREQUENCY</b>	<b>PERCENTAGE %</b>
Male	25	50
Female	25	50
Transgender	0	0
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data



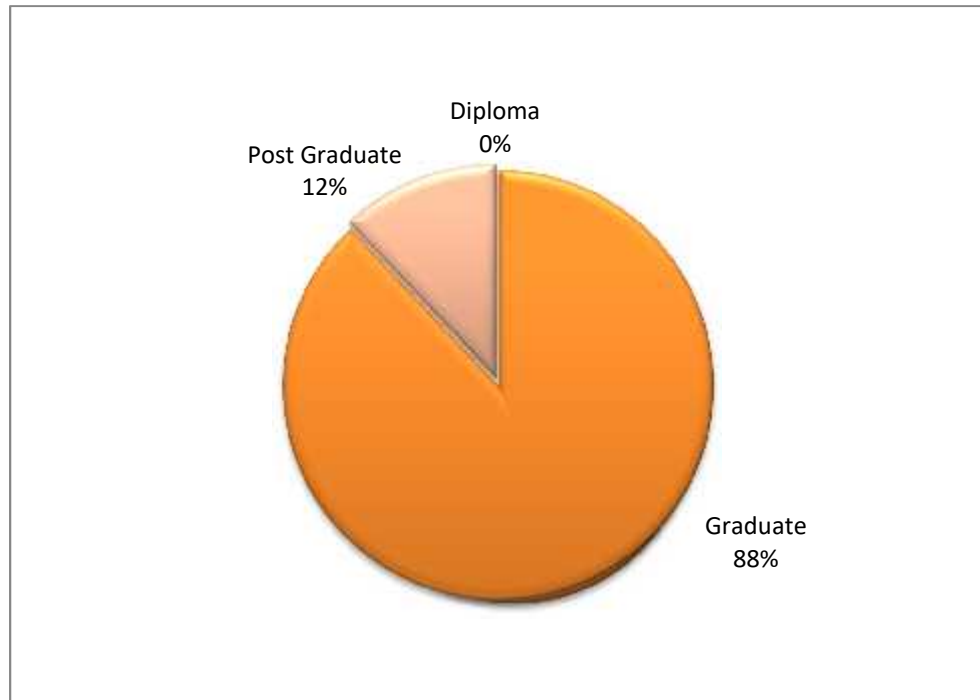
**Fig 4.1 Gender of Respondents**

Table 4.1 shows that about 50% of respondents were female students who use vehicles. Out of 50 respondents, the other 50% of vehicle users were male students. Equal number of male and female respondents is taken for this project. There is no disparity based on gender.

**TABLE 4.2: HIGHEST QUALIFICATION OF RESPONDENTS**

<b>HIGHEST QUALIFICATION</b>	<b>FREQUENCY</b>	<b>PERCENTAGE %</b>
Diploma	0	0
Graduate	44	88
Post-Graduate	6	12
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data



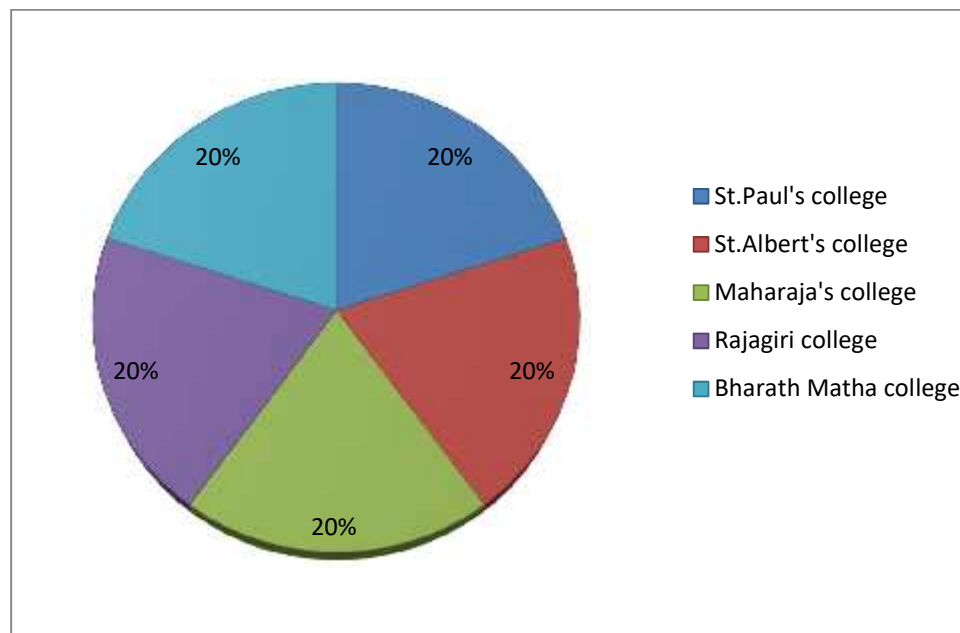
**Fig 4.2 Highest Qualification of Respondents**

Table 4.2 shows that about none of the respondents have diploma qualification and 88% are graduate students. Out of 50 respondents only 12 % are post-graduate students. Majority of respondents are graduates and post graduates which indicates that they are highly educated and are supposed to be aware about the new Amendment.

**TABLE 4.3: COLLEGE OF RESPONDENTS**

<b>NAME OF COLLEGE</b>	<b>FREQUENCY</b>	<b>PERCENTAGE %</b>
St.Paul's college	10	20
St.Albert's college	10	20
Maharaja's college	10	20
Bharata Mata college	10	20
Rajagiri college of Social Sciences	10	20
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data



**Fig 4.3 College of Respondents**

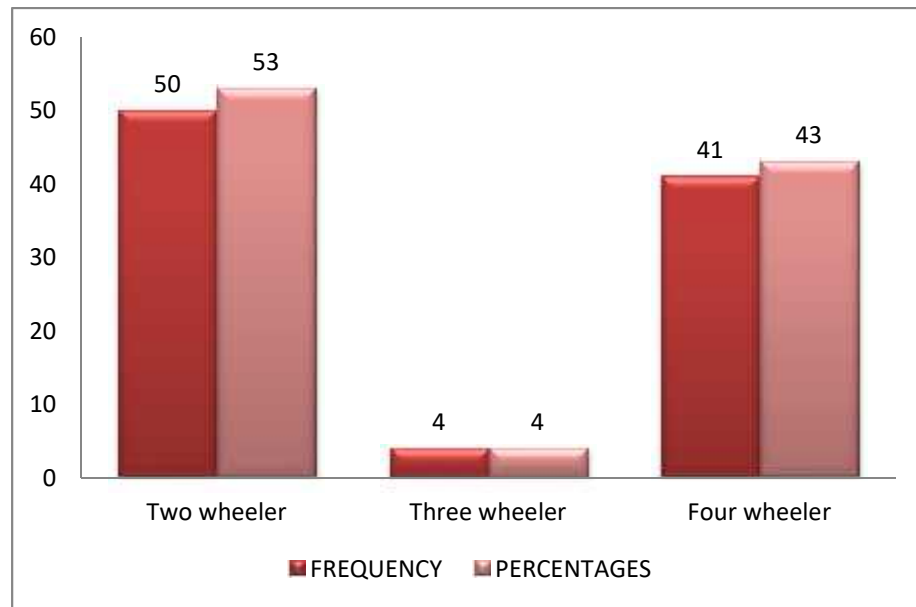
Table 4.3 shows that 20% students each belong to the above listed colleges. From the above 5 colleges 10 students each was chosen for the study. Colleges are given equal responsibility for answering the interview schedule. All the chosen colleges are co-ed in nature.



**TABLE 4.4: LICENSE OF RESPONDENTS**

LICENCE	FREQUENCY	PERCENTAGES %
Two wheeler	50	53
Three wheeler	4	4
Four wheeler	41	43
<b>Total</b>	<b>95</b>	<b>100</b>

Source: Primary Data



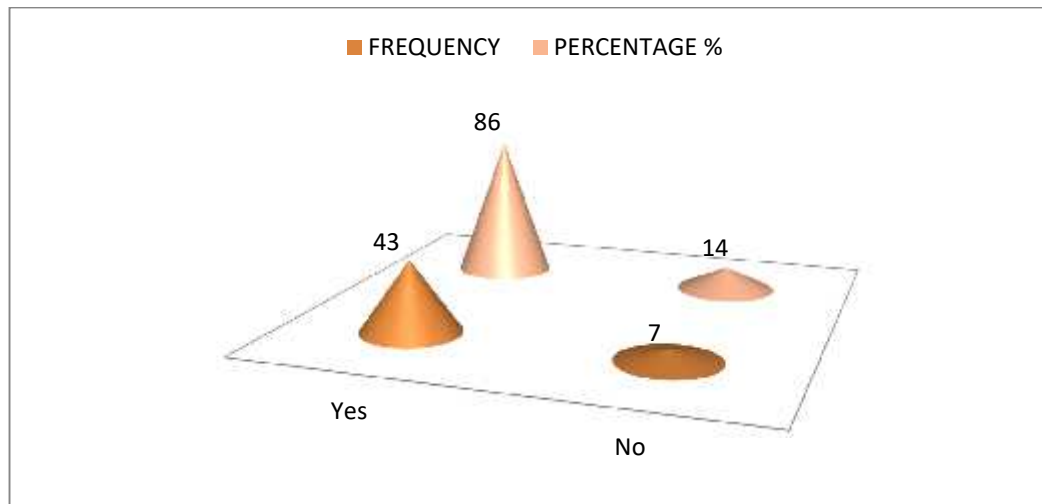
**Fig 4.4 License of Respondents**

Table 4.4 shows that 53 % of respondents have two wheeler licences, 4% have three wheeler and 43 % of respondents have four wheeler licences too. Here most of the respondents have multiple types of license. The above data helps to interpret the license status of respondents which is, all respondents (50) have two wheeler license, 41 respondents have both two and four wheeler license and only 4 respondents have three wheeler license.

**TABLE 4.5 LEVEL OF AWARENESS REGARDING MOTOR VECHILE (AMENDMENT) ACT 2019**

<b>AWARENESS</b>	<b>FREQUENCY</b>	<b>PERCENTAGE (%)</b>
Yes	43	86
No	7	14
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data



**Fig 4.5 Level of awareness regarding Motor Vehicle (Amendment) Act 2019**

Table 4.5 shows that 86% (i.e. 43) of respondents are aware about the Motor Vehicle (Amendment) Act 2019 and 14% (i.e. 7) of respondents are not aware about the topic. This shows that majority of respondents are aware of the introduction of the new Amendment. Comparative analysis based on gender, age, qualification and license is used to interpret the reason behind the unawareness of the respondents.

**1. TABLE 4.5.1 LEVEL OF NON AWARENESS REGARDING MOTOR VEHICLE (AMENDMENT) ACT 2019 ON THE BASIS OF GENDER**

<b>GENDER</b>	<b>FREQUENCY</b>
Male	3
Female	4
Transgender	0
Total	7

Source: Primary Data

Table 4.5.1 indicate the gender of respondents who are not aware about the act. Out of 7 respondents 4 are female students and 3 respondents are male. Therefore we can interpret that both male and female should be equally educated regarding the topic.

**2. TABLE 4.5.2 LEVEL OF NON AWARENESS REGARDING MOTOR VEHICLE (AMENDMENT) ACT 2019 ON THE BASIS OF AGE**

<b>AGE</b>	<b>FREQUENCY</b>
18	3
19	3
20	1
21	0
22	0
Total	7

Source: Primary Data

Table 4.5.2 shows the age of respondents who are not aware about the Act. Based on the above data majority of students comes under the age of 18 and 19. According to the data younger respondents are more prone to unawareness regarding the Act.

**3. TABLE 4.5.3 LEVEL OF NON AWARENESS REGARDING MOTOR VEHICLE (AMENDMENT) ACT 2019 ON THE BASIS OF HIGHEST QUALIFICATION**

HIGHEST QUALIFICATION	FREQUENCY
Diploma	0
Graduate	7
Post-Graduate	0
Total	7

Source: Primary Data

Table 4.5.3 reflects that majority of respondents are graduate students. All post graduate students are aware about the Act. By comparing Table 4.2 it is clear that few from graduate is unaware. Thus we can interpret that respondents with higher qualification are more aware.

**4. TABLE 4.5.4 LEVEL OF NON AWARENESS REGARDING MOTOR VEHICLE (AMENDMENT) ACT 2019 ON THE BASIS OF LICENSE**

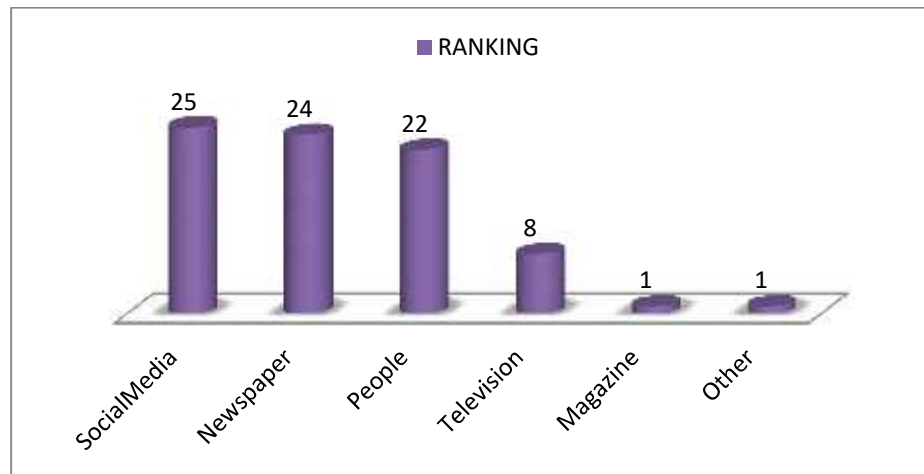
LICENSE	FREQUENCY
Two wheeler	7
Three wheeler	0
Four wheeler	0
Total	7

Table 4.5.4 shows that majority of respondents having only two-wheeler license are not aware about the Act. Those who have more than one license are aware about the Act

**TABLE 4.6: SOURCE OF INFORMATION**

<b>SOURCES</b>	<b>RANKING</b>
Social Media	25
Newspaper	24
People	22
Television	8
Magazine	1
Other	1
<b>Total</b>	<b>81</b>

Source: Primary Data



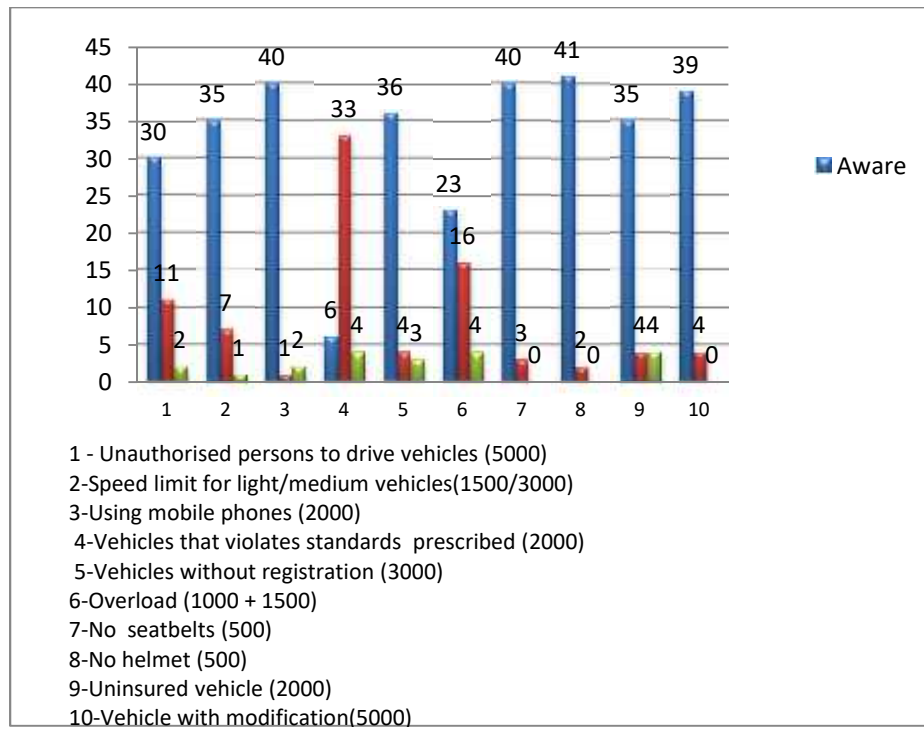
**Fig 4.6 Source of Information**

Table 4.6 shows the data regarding source of information and based on the ranking method majority of respondents received information from social media, then from newspaper, people, and television. The least rated sources were magazine and other. It can also be analysed that the respondents received the information from multiple sources at a time.

**TABLE 4.7: SCALE OF AWARENESS**

Penalties (amount)	Aware	Not sure	Not aware
Unauthorised persons to drive vehicles (5000)	30	11	2
Speed limit for light/medium vehicles(1500/3000)	35	7	1
Using mobile phones (2000)	40	1	2
Vehicles that violate standards prescribed (2000)	6	33	4
Vehicles without registration (3000)	36	4	3
Overload (1000 + 1500)	23	16	4
No seatbelts (500)	40	3	0
No helmet (500)	41	2	0
Uninsured vehicle (2000)	35	4	4
Vehicle with modification(5000)	39	4	0

Source: Primary Data



**Fig 4.7 Scale of Awareness**

1. Unauthorised persons to drive vehicles (5000) – 30 out of 43 students are aware about this provision and fine amount while 11 students are not sure and 2 students are not aware.
2. Speed limit for light/medium vehicles(1500/3000) – Majority are aware, 7 students are not sure regarding either the provision or fine amount and only 1 student is not aware.
3. Using mobile phones (2000) – Majority are aware but 2 respondents are not aware.
4. Vehicles that violate standards prescribed (2000) – Majority are not sure of this provision, only 6 respondents are aware and 4 respondents are not aware. This should be not for future correction.
5. Vehicles without registration (3000) – Majority are aware, 4respondents are not sure and only 3respondents are not aware.
6. Overload (1000 + 1500) – 23 students are only aware about this provision while 16 students are on not sure category and 4 students are not aware.
7. No seatbelts (500) – Majority are aware about this provision and no one is unaware.
8. No helmet (500) – Majority are aware about, only 2 students are not sure. This provision has the highest awareness.
9. Uninsured vehicle (2000) – Majority are aware about the provision and the penalty amount, only 4 students are not sure and 4 students are unaware.
10. Vehicle with modification(5000) – Majority are aware and no one is unaware.

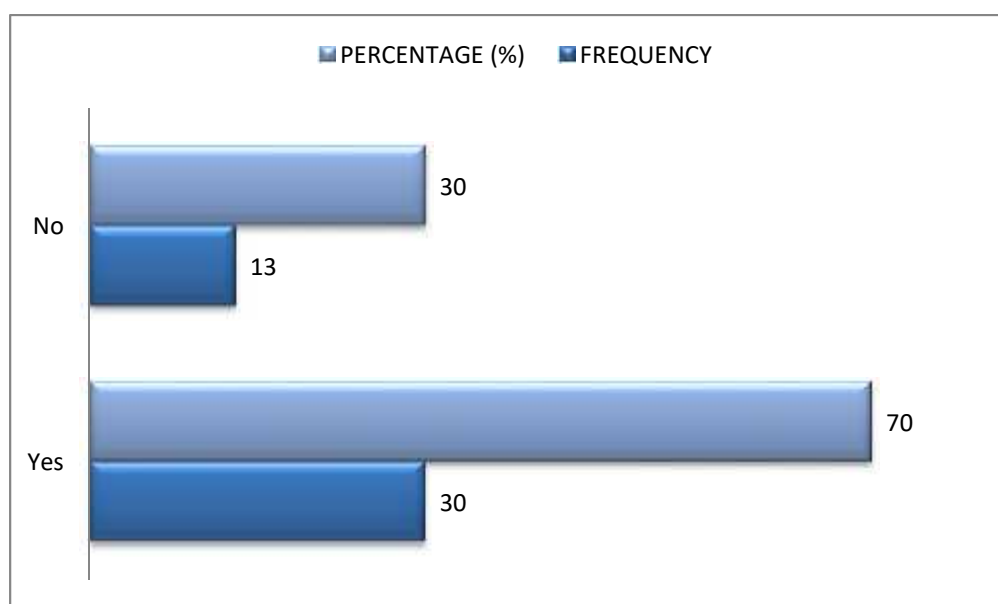
**Interpretation:**

Table 4.7 shows the awareness level of students regarding some of the provisions and penalty amount of the Amendment. Majority are aware about most of the above provisions but those who are not sure should be taken care of by giving more information regarding to that particular provision. Those who are not at all aware must be thoroughly educated. Then only awareness can be increased in order for the Amendment to achieve its goal.

**TABLE 4.8: CHANGES MADE IN RELATION WITH THE AMENDMENT**

<b>RESPONSES</b>	<b>FREQUENCY</b>	<b>PERCENTAGE (%)</b>
Yes	30	70
No	13	30
<b>Total</b>	<b>43</b>	<b>100</b>

Source: Primary Data



**Fig 4.8 Changes made in relation with the Amendment**

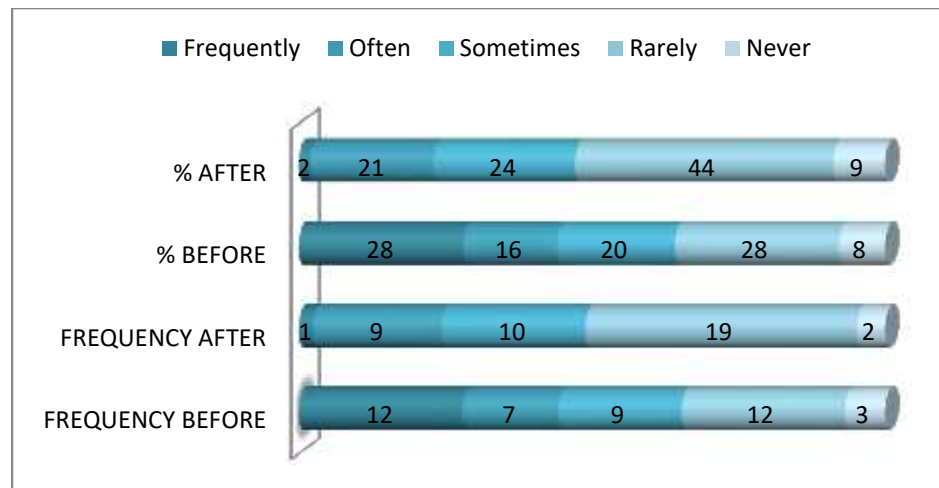
Table 4.8 shows that 70% of the respondents have made changes corresponding to the new provisions such as helmets for all passengers on two wheelers, compulsory use of seatbelts for four wheelers, changing unnecessary modifications etc, whereas 30% have not made any changes. There is a positive and negative reaction behind the reason for not making any changes i.e. 10 respondents already follow the rules and does not require the above changes (positive reaction) and the other 3 respondents do not give importance to making such changes. These 3 respondents should be educated regarding the importance of following rules and making the required changes.



**TABLE 4.9: FREQUENCY OF FACING TRAFFIC PROBLEMS BEFORE AND AFTER THE NEW AMENDMENT**

BASIS	FREQUENCY		PERCENTAGE %	
	BEFORE	AFTER	BEFORE	AFTER
Frequently	12	1	28	2
Often	7	9	16	21
Sometimes	9	10	20	24
Rarely	12	19	28	44
Never	3	4	8	9
<b>Total</b>	<b>43</b>		<b>100</b>	

Source: Primary Data



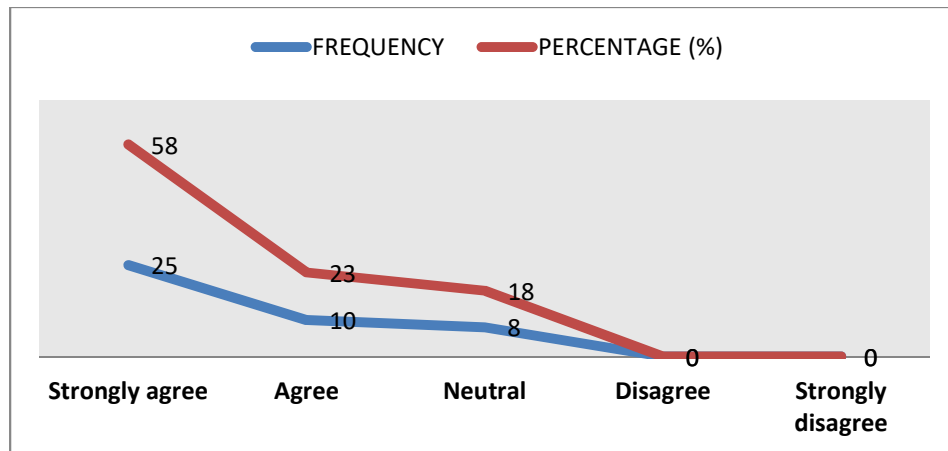
**Fig 4.9 Frequency of facing traffic problems before and after the new Amendment**

Table 4.9 shows the primary data regarding the frequency of traffic problems faced by respondents before and after the introduction of new Amendment. From the above table we can see that traffic problems are frequent in before stage and very few in after stage, where as traffic problems on the basis of “often”, “sometimes”, “rarely”, “never” have less frequency in before stage when compared to after stage. Thus we can interpret that traffic problems after the new Act is less when compared to the period before the introduction of new Act.

**TABLE 4.10: USAGE OF HIGHER TRAFFIC FINES FOR SAFER DRIVING**

SCALE	FREQUENCY	PERCENTAGE (%)
Strongly agree	25	58
Agree	10	23
Neutral	8	19
Disagree	0	0
Strongly disagree	0	0
<b>Total</b>	<b>43</b>	<b>100</b>

Source: Primary Data



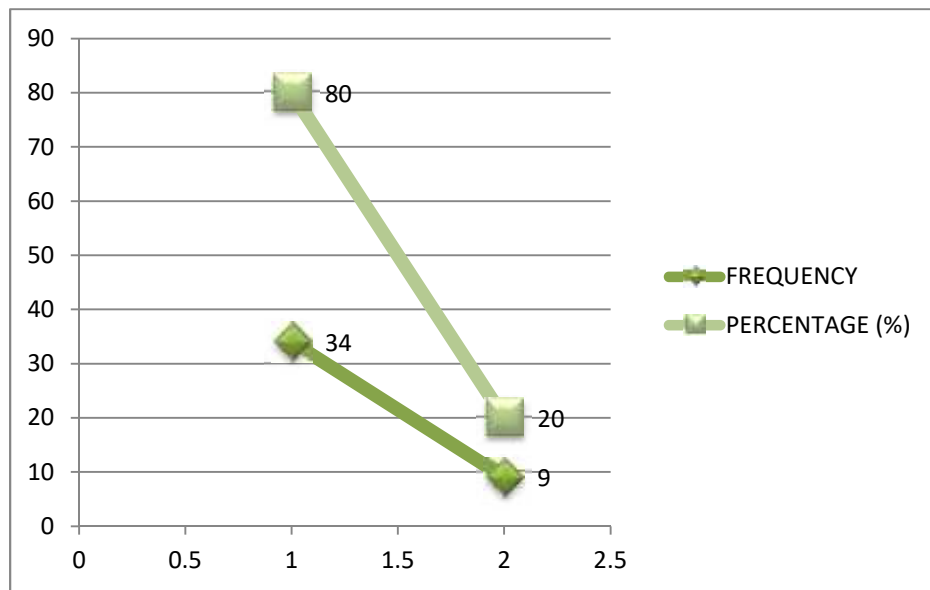
**Fig 4.10 Usage of higher traffic fines for safer driving**

Table 4.10 indicates the reaction of respondents for the statement “Higher traffic fines leads to safer driving”. Majority of respondents i.e. 25 respondents strongly and 10 respondents agree with the statement, 8 respondents are neutral in regards to the statement and none of the respondents have shown disagreement to the statement. Thus it can be interpreted that respondents in general agrees that high traffic fines will lead to safer driving. Those who are neutral have thought of other reasons i.e. respect to follow the rules and regulations and committing traffic offences should be criminalised in order for safer driving. In short inducing fear in the minds of people is one of the ways towards safer driving.

**TABLE 4.11: PREFERENCE FOR FOLLOWING NEW RULES**

<b>RESPONSES</b>	<b>FREQUENCY</b>	<b>PERCENTAGE (%)</b>
Easy	34	80
Difficult	9	20
<b>Total</b>	<b>43</b>	<b>100</b>

Source: Primary Data



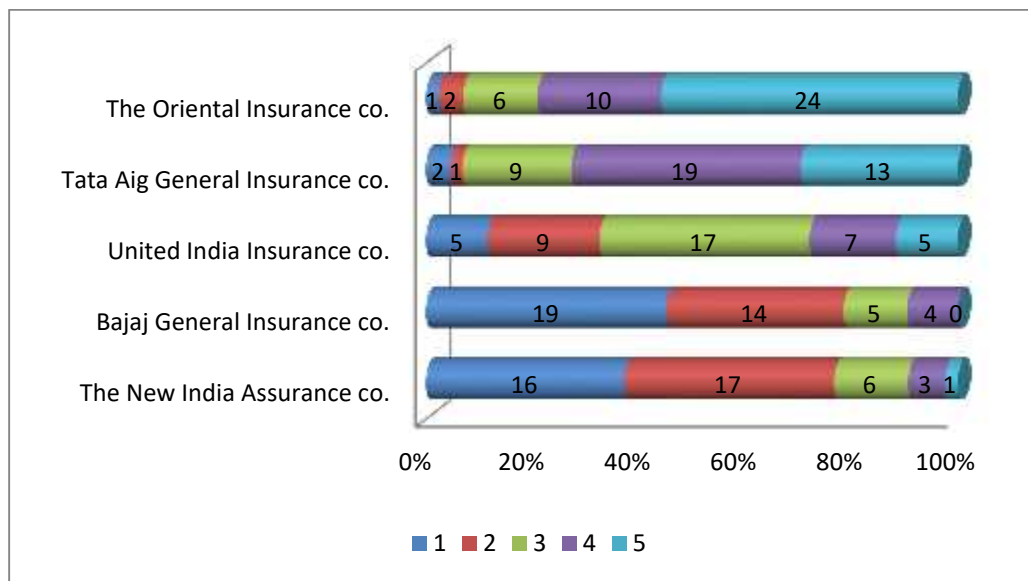
**Fig 4.11 Preference for following new rules**

Table 4.11 shows the preference of respondents regarding the easiness to follow the new rules mentioned in the Amendment. Majority of respondents i.e. 80% find it easy to follow the new rules as it ensures more safety to citizen. 20% finds it to be difficult to follow new rules due to reasons such as disruption in their regular behaviour with the introduction of new rules and fear of high penalty creates uneasiness towards new rules.

**TABLE 4.12: VEHICLE INSURANCE COMPANY PREFERENCE**

INSURANCE COMPANY	PREFERENCE-RANKING				
	1	2	3	4	5
The New India Assurance co.	16	17	6	3	1
Bajaj General Insurance co.	19	14	5	4	0
United India Insurance co.	5	9	17	7	5
Tata Aig General Insurance co.	2	1	9	19	13
The Oriental Insurance co.	1	2	6	10	24
<b>Total</b>	<b>43</b>				

Source: Primary Data



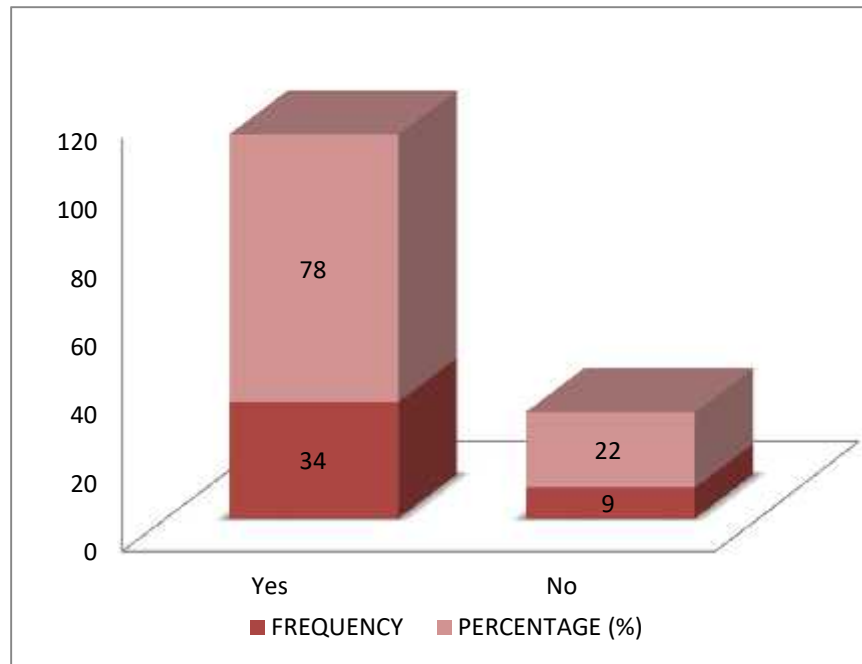
**Fig 4.12 Vehicle insurance company preference**

Table 4.12 shows the preference of respondents regarding Insurance companies. Ranking method is used for interpretation. From the primary data ranking Bajaj General Insurance co. have the highest preference followed by The New India Assurance co., United India Insurance co., Tata Aig General Insurance co. and The Oriental Insurance co. The Insurance companies are chosen from secondary data (site justdial) in which the above five companies where given highest ranking (5 stars). This interprets the preference of respondents within the above 5 insurance companies.

**TABLE 4.13: PREFERENCE FOR NEW ACT FROM THE OLD**

<b>RESPONSES</b>	<b>FREQUENCY</b>	<b>PERCENTAGE (%)</b>
Yes	34	78
No	9	22
<b>Total</b>	<b>43</b>	<b>100</b>

Source: Primary Data



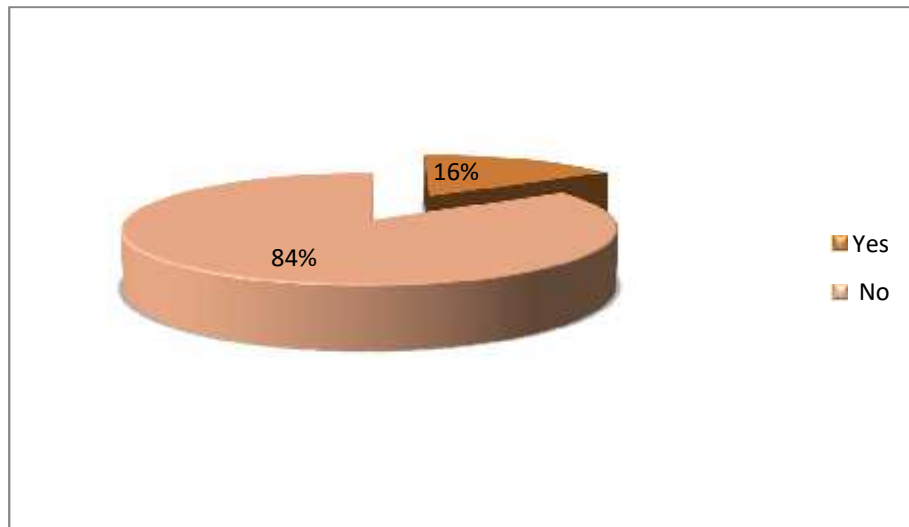
**Fig 4.13 Preference for new Act from the old**

Table 4.12 indicates that majority of respondents i.e. 34 out of 43 respondents prefer new Act to the old one and 9 respondents prefer the old act. Respondents prefer new Act as it promotes more safety. Respondents who prefer the old Act are the same respondents who find it difficult to follow the new rules as per the table 4.11.

**TABLE 4.14: EFFECT OF AMENDMENT**

<b>RESPONSES</b>	<b>FREQUENCY</b>	<b>PERCENTAGE (%)</b>
Yes	9	22
No	34	78
<b>Total</b>	<b>43</b>	<b>100</b>

Source: Primary Data



**Fig 4.14 Effect of Amendment**

Table 4.14 shows the response as to whether the rules affected the respondents in any way. The rules affect only 9 respondents while majority of respondents are not negatively affected by the new rules. The same 9 respondents mentioned in the table 4.11 and 4.13 are the ones who are affected by rules. Thus we can interpret that the Amendment has a positive effect on the respondents.

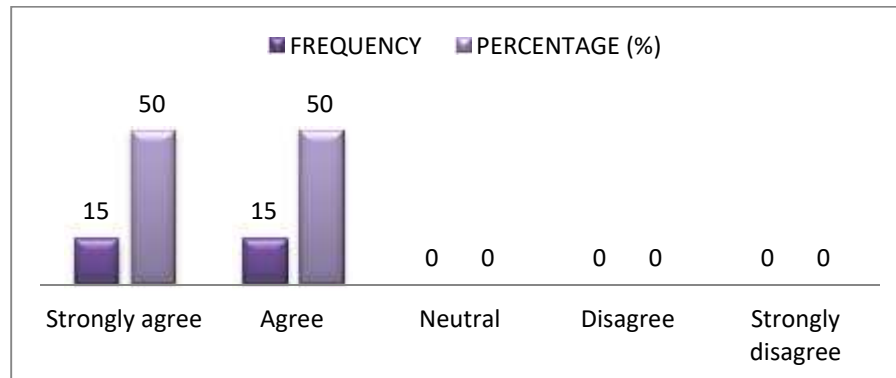
## **PRESENTATION AND ANALYSIS OF AGENTS DATA**

Following table shows the presentation and analysis of data collected from agents in order to understand the proper impact of the Motor Vehicle (Amendment) Act 2019 on insurance industry.

**Table 4.15 SCALE OF AWARENESS REGARDING MOTOR VECHILE (AMENDMENT) ACT 2019**

<b>SCALE</b>	<b>FREQUENCY</b>	<b>PERCENTAGE (%)</b>
Strongly agree	15	50
Agree	15	50
Neutral	0	0
Disagree	0	0
Strongly disagree	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Primary Data



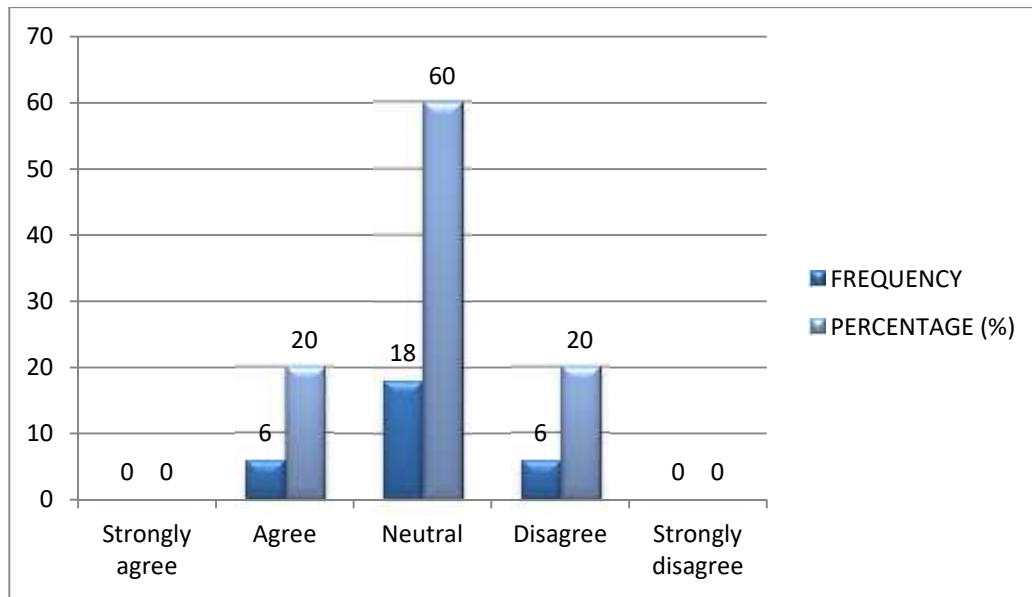
**Fig 4.15 Scale of awareness regarding Motor Vehicle (Amendment) Act 2019**

Table 4.15 shows that all 30 agents are aware about the Motor Vehicle (Amendment) Act 2019 in which 15 agents have strong awareness and others are aware about the Act. None of the agents lack awareness regarding this topic.

**Table 4.16 HIGHER TRAFFIC FINES CAUSE DIFFICULTY FOR PEOPLE**

SCALE	FREQUENCY	PERCENTAGE (%)
Strongly agree	0	0
Agree	6	20
Neutral	18	60
Disagree	6	20
Strongly disagree	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Primary Data



**Fig 4.16 Higher traffic fines cause difficulty for people**

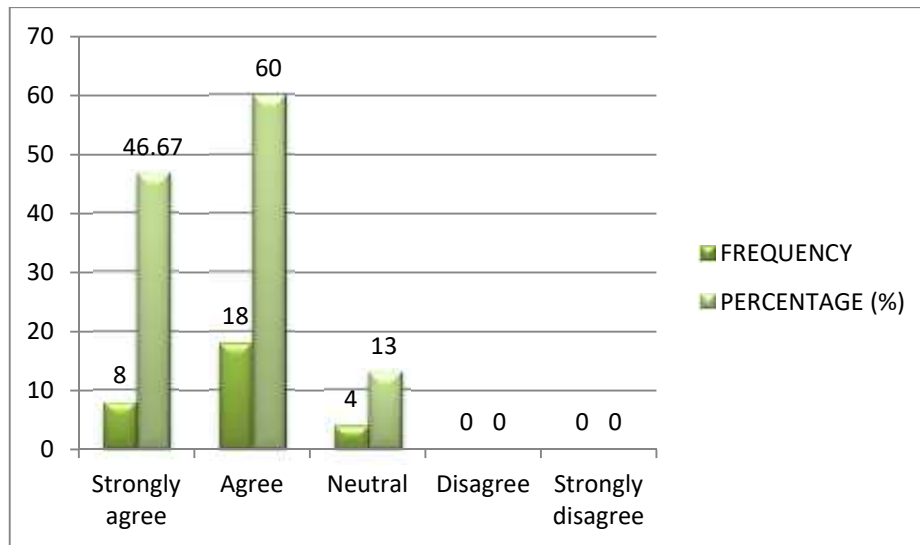
Table 4.16 indicates the reaction of agents for statement “The higher traffic fines cause difficulty for people”. Based on the primary data majority are neutral (18) while 6 agents agree to the statement and 6 agents disagree. Thus we can interpret that majority of agents think that higher traffic fines are necessary. Disagreement regarding the statement is due to reasons such as, only those who violate traffic rules are faced with higher traffic fines and this fear will lead to safer driving. Those who agree to the statement are of the opinion that high traffic fines are difficult for common people.



**Table 4.17 IMPACTS ON INSURANCE INDUSTRY**

SCALE	FREQUENCY	PERCENTAGE (%)
Strongly agree	8	27
Agree	18	60
Neutral	4	13
Disagree	0	0
Strongly disagree	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Primary Data



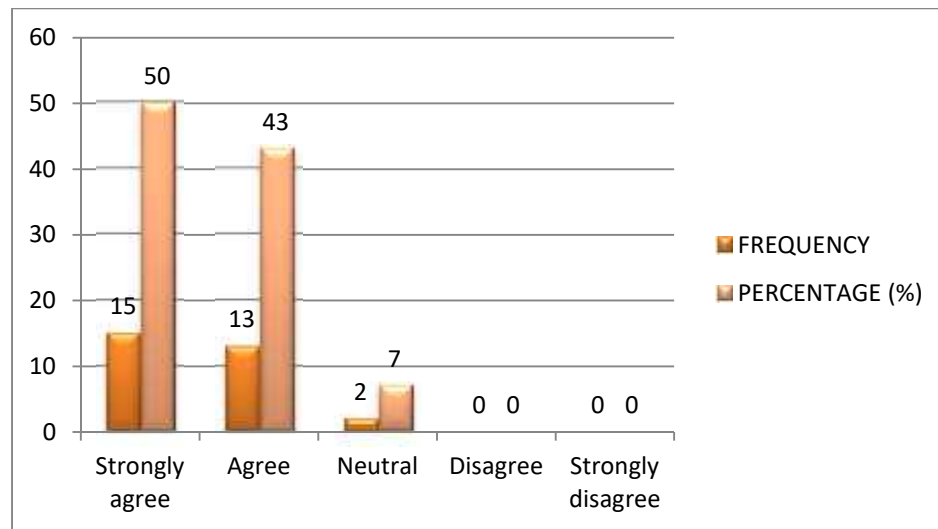
**Fig 4.17 Impacts on insurance industry**

Table 4.17 indicates the reaction of respondents for statement “The Act affect the insurance industry”. Majority of respondents i.e. 18 agree and 8 strongly agree, 4 respondents are neutral in regards to the statement. None of the respondents have shown disagreement to the above statement. Thus it can be interpreted that agents in general agrees that the Act impacts on insurance industry. Those who are neutral have thought this Act have less impact on industry. In short this Act has an effect on insurance industry

**Table 4.18 IMPACTS ON COMMON PEOPLE**

SCALE	FREQUENCY	PERCENTAGE (%)
Strongly agree	15	50
Agree	13	43
Neutral	2	7
Disagree	0	0
Strongly disagree	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Primary Data



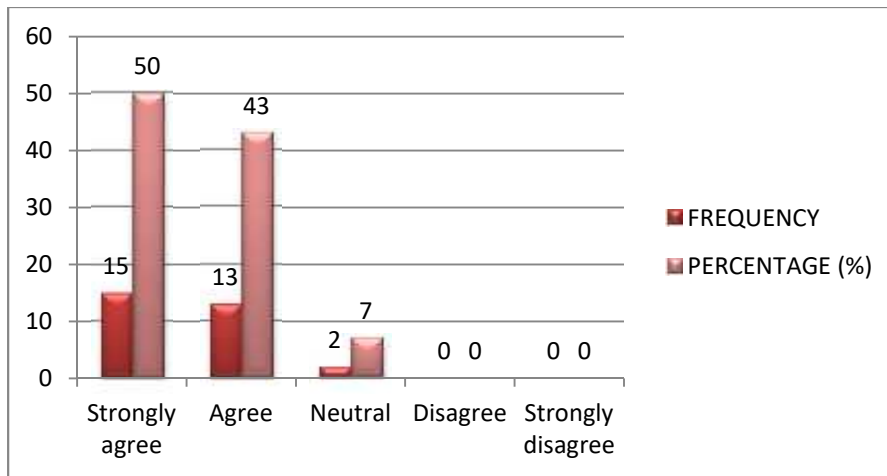
**Fig 4.18 Impacts on common people**

Table 4.18 indicates the reaction of respondents for statement “The Act affect the common people”. Majority of respondents i.e. 15 agree and 13 strongly agree in regards to the statement. Only 2 respondents are neutral to the statement. None of the respondents have shown disagreement to the above statement. Thus it can be interpreted that agents in general agrees that the Act impacts on common people. Those who are neutral have thought this Act have less impact on people. In short this Act has effect on people.

**Table 4.19 IMPACTS ON PROFIT OF INSURANCE FIRMS**

SCALE	FREQUENCY	PERCENTAGE (%)
Strongly agree	15	50
Agree	13	43
Neutral	2	7
Disagree	0	0
Strongly disagree	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

Source: Primary Data



**Fig 4.19 Impacts on profit of insurance firms**

Table 4.19 indicates the reaction of respondents for statement “The Act increased profit of the insurance firms”. Majority of respondents i.e. 15 responded strongly agree and 13 respondents agree with the statement. 2 respondents are neutral in regards to the statement. None of the respondents have shown disagreement to the above statement. Thus it can be interpreted that respondents in general agrees that the Act increased profit of insurance firm. Those who are neutral have thought that there is no much difference in the profit. The increase in profit is due to various reasons such as a) increased fine amount b) compulsory vehicle registration and policy amount. In short this Act has increased the profit of insurance firms.

**Table 4.20 Proposed Amendments in Various Penalties under Motor Vehicles  
(Amendment) Bill – 2019**

<b>Section</b>	<b>Particulars</b>	<b>Old Provision / Penalty Amount</b>	<b>New Proposed Provision / Minimum Penalties Amount</b>
177	General	Rs 100	Rs 500
New 177A	Rules of road regulation violation	Rs 100	Rs 500
178	Travel without ticket	Rs 200	Rs 500
179	Disobedience of orders of authorities	Rs 500	Rs 2000
180	Unauthorized use of vehicles without licence	Rs 1000	Rs 5000
181	Driving without license	Rs 500	Rs 5000
182	Driving despite disqualification	Rs 500	Rs 10,000
182 B	Oversize vehicles	New	Rs 5000
183	Over speeding	Rs 400	Rs 1000 for LMV Rs 2000 for Medium passenger vehicle
184	Dangerous driving penalty	Rs 1000	UptoRs 5000

185	Drunken driving	Rs 2000	Rs 10,000
189	Speeding / Racing	Rs 500	Rs 5,000
192 A	Vehicle without permit	UptoRs 5000	UptoRs 10,000
193	Aggregators (violations of licensing conditions)	New	Rs 25,000 to Rs 1,00,000
194	Overloading	Rs 2000 and Rs 1000 per extra tonne	Rs 20,000 and Rs 2000 per extra tonne
194 A	Overloading of passengers		Rs 1000 per extra passenger
194 B	Seat belt	Rs 100	Rs 1000
194 C	Overloading of two wheelers	Rs 100	Rs 2000, Disqualification for 3 months for license
194 D	Helmets	Rs 100	Rs 1000 Disqualification for 3 months for license
194 E	Not providing way for emergency vehicles	New	Rs 10,000
196	Driving Without Insurance	Rs 1000	Rs 2000
199	Offences by Juveniles	New	Guardian / owner shall be deemed to be guilty. Rs 25,000 with 3 yrs imprisonment. For Juvenile to be tried under JJ

			Act. Registration of Motor Vehicle to be cancelled
206	Power of Officers to impound documents		Suspension of driving licenses u/s 183,184,185, 189, 190, 194C, 194D, 194E
210 B	Offences committed by enforcing authorities		Twice the penalty under the relevant section

**CHAPTER 5**  
**SUMMARY, FINDINGS,**  
**RECOMMENDATIONS AND CONCLUSION**

## **5.1 SUMMARY**

This study was conducted to examine the “**THE IMPACT OF MOTORVEHICLE (AMENDMENT) ACT 2019 ON VEHICLE USERS AND VEHICLE INSURANCE** ”. This new Act has increased fine for many offences to check the road accidents and improve the road safety in the country .So it is relevant to study the awareness among vehicle users (Students) regarding the new amendment, its effects and various changes in vehicle insurance policies. Its impact on insurance industry is also studied based on the information collected from the insurance agents.

This study shows the impact of amendment act on vehicle insurance and its awareness among selected respondents within Ernakulum district. It may confine to the student of few selected colleges. The awareness among respondents is determined by various factors which are subject to study. As a result of primary data collected through questionnaire, it helps to consciously measure the level of awareness among the vehicle users and the profitability of insurance industry.

Today the majority are aware about most of the provision and penalty amount of the Amendment. The Amendment has a positive effect on the vehicle users. As per the new act the traffic problems, accident level etc. are comparatively less. So the study conducted helped to examine Awareness, comparative analysis based on factors, preferred vehicle insurance company, before and after changes and the profitability of insurance industry towards the impact of motor vehicle amendment act 2019 on vehicle users and vehicle insurance.

## **5.2 FINDINGS**

50% of respondents are male and other 50% are female.

88% of respondents are graduates.

The respondents are acquired equally from 5 colleges( St.Albert’s College, St. Paul’s College, Maharaja’s College, Bharata Mata College, Rajagiri College of Social Science)

53% of respondents have two wheeler license.



Majority of the respondents are aware of the new Motor Vehicle (Amendment) Act 2019.

On the basis of level of non awareness regarding Motor Vehicle (Amendment) Act 2019 out of 7 respondents 4 are female students and 3 are male.

Based on the level of non awareness regarding Motor Vehicle (Amendment) Act 2019 on the basis of age majority of students come under the age 18 and 19. Few of the Graduate students are least aware of the Motor Vehicle (Amendment) Act.

Respondents with higher qualification are more aware.

Few of respondents among two wheeler license are not aware about the Act.

Those who have more than one license are aware about the Act.

The respondents received the information from multiple sources at a time. Majority of respondents received the information from social media, then from newspaper, people and television.

Majority are aware about most of the provisions and penalty amount of the Amendment.

70% of respondents have made changes corresponding to the new provisions.

Traffic problems after the new Act is less when compared to the period before the introduction of new Act.

Majority of respondents strongly agree that usage of higher traffic fines increases safety.

80% find it easy to follow the new rules mentioned in the Amendment.

Majority of the respondents rank Bajaj General Insurance co. as the highest preference vehicle insurance company.

78% respondents prefer new Act from the old.

Amendment has a positive effect on the respondents.

All agents are aware regarding Motor Vehicle (Amendment) Act 2019.

Majority of the respondents respond as neutral regarding higher traffic fines cause difficulty for people.

Majority agrees that this Act has an effect in Insurance industry.

Most people agree that this Act affect the common people.

Majority of respondents agree that this Act has increased the profit Insurance firms.

### **5.3 RECOMMENDATIONS**

- Most of the respondents suggested in creating different ways to propagate awareness regarding the new rules.
- Seminars, debates, including a part of Amendment in current curriculum etc can educate students.
- Many suggested that facility must be provided to accommodate the new rules.
- If more options are given to vehicles to accommodate storage of helmets, then it will increase the safety of people using two wheelers.
- Strong implementation of vehicle protocols in the campus to increase the awareness which will lead to more safety.

### **5.4 CONCLUSION**

This paper was mainly focused to study people's approach towards the new Act. It shows that awareness of people regarding the topic depends on factors such as gender, age, education, qualification and licence. Majority of respondents are well aware about the Act. They prefer the new Act than the old one. This reflects that people are more concerned about their safety. Bajaj General Insurance co. is the highest preferred vehicle insurance agency according to the respondents. Based on insurance agents information there is a tremendous increase in the profitability of insurance industry. Thus Vehicle Insurance industry with new Amendment can increase safety of citizens through different modes of awareness.

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# **APPENDIX**

# **QUESTIONNAIRE**

# **THE IMPACT OF MOTOR VEHICLE (AMENDMENT) ACT 2019 ON VEHICLE USERS AND VEHICLE INSURANCE.**

## **PERSONAL PROFILE OF STUDENTS**

1. Name : .....
2. Gender : Male [ ] Female [ ] Transgender [ ]
3. Age : .....
4. Highest Qualification : Diploma [ ] Graduate [ ]  
Post-Graduate [ ]
5. College : St. Paul's college [ ] St. Albert's college [ ]  
Maharaja's college [ ] Bharata Mata college [ ]  
Rajagiri college of Social Sciences [ ]
6. Licence : Two wheeler [ ] Three wheeler [ ]  
Four wheeler [ ]

## **SURVEY**

7. Are you aware about the Motor Vehicle (Amendment) Act 2019?  
Yes [ ] No [ ]
8. How have you come to know about it?  
People [ ] Newspaper [ ] Television [ ]  
Magazine [ ] Social media [ ] Other [ ]
9. Are you aware about the following amendments while driving?

Penalties (amount)	Aware	Not sure	Not aware
Unauthorised persons to drive vehicles (5000)			
Speed limit for light/medium vehicles(1500/3000)			
Using mobile phones (2000)			
Vehicles that violates standards prescribed (2000)			



Vehicles without registration (3000)			
Overload (1000 + 1500)			
No seatbelts (500)			
No helmet (500)			
Uninsured vehicle (2000)			
Vehicle with modification(5000)			

10. Have you made any required changes mentioned in this amendment?

Yes [ ] No [ ]

a) If yes, what are they

.....

b) If not, state the reason

.....

11. How often do you face traffic problems before and after the introduction of amendment?

Basis	Before	After
Frequently		
Often		
Sometimes		
Rarely		
Never		

12. "Higher traffic fines lead to safer driving".

Strongly agree [ ]

Agree [ ]

Neutral [ ]

Disagree [ ]

Strongly disagree [ ]

13. Do you find it easy to follow the new rules? Why/Why not

.....

.....

14. Which vehicle insurance company do you prefer?

Rank the following companies on the basis of your order of preference (1-most preferred, 5-least preferred)

Names	Rank
The New India Assurance co.	
Bajaj General Insurance co.	
United India Insurance co.	
Tata Aig General Insurance co.	
The Oriental Insurance co.	

15. Is the new act is more preferable than the old one? Why/why-not?

Yes [ ] No [ ]

.....  
.....

16. Have this rule affected you in any way? How?

Yes [ ] No [ ]

.....  
.....

17. Your suggestions, recommendation & comments regarding motor vehicle amendment and vehicle insurance?

**Thank you for sparing your valuable time & sharing your views. Above information will be kept confidential and will not be used for any commercial purpose.**

# **THE IMPACT OF MOTOR VEHICLE (AMENDMENT) ACT 2019 ON VEHICLE USERS AND VEHICLE INSURANCE.**

## **PERSONAL PROFILE OF AGENTS**

1. Name : .....
2. Age : .....
3. Insurance Agency : .....
4. Qualification : .....
5. Experience : .....

## **SURVEY**

6. Give your opinion for the following statement.

I. I'm aware about Motor Vehicle Amendment Act.

Strongly agree [ ]

Agree [ ]

Neutral [ ]

Disagree [ ]

Strongly disagree [ ]

II. Heavy fines in the Amendment cause difficulty for people.

Strongly agree [ ]

Agree [ ]

Neutral [ ]

Disagree [ ]

Strongly disagree [ ]

III. The Act affects the insurance industry.

- Strongly agree [ ]
- Agree [ ]
- Neutral [ ]
- Disagree [ ]
- Strongly disagree [ ]

IV. The Act affects the common people.

- Strongly agree [ ]
- Agree [ ]
- Neutral [ ]
- Disagree [ ]
- Strongly disagree [ ]

V. The Act increased profit of the insurance firms.

- Strongly agree [ ]
- Agree [ ]
- Neutral [ ]
- Disagree [ ]
- Strongly disagree [ ]

7. How did the Act increase the profit of the insurance firms?

.....  
.....

**Thank you for sparing your valuable time & sharing your views. Above information will be kept confidential and will not be used for any commercial purpose.**