In 7 states — Odisha, Bengal, Rajasthan, Gujarat, Himachal, Chhattisgarh and Uttarakhand — e-detection has been initiated to penalise uninsured vehicles

UNPACKING SC FIAT TO LINK FUEL WITH INSURANCE

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On August 4, the Supreme Court passed a slew of directions to curb motor accidents involving uninsured vehicles, including proposing a technology-driven enforcement mechanism that could automatically refuse fuel to uninsured vehicles. A bench of justices Sanjay Karol and Prashant Kumar Mishra issued the directions, saying, "The ignorance of a statutory mandate results in motor accidents involving uninsured vehicles, which directly cause innocent victims having to run from pillar to post for compensation."

What does the law say?

The Motor Vehicles Act (MVA) requires all vehicles to have a valid insurance policy covering third-parties. The Act empowers a police officer or a person authorised by the government to seize and detain vehicles which do not possess valid registration or permit.

The object behind the mandatory insurance under law is not just that victims of road accidents are compensated, it is also that they are not drawn into prolonged litigation.

What is the ground reality?

On an average, there are more than 4.5 lakh road accidents in India every year. The road accident count in 2024 was 4,87,705 across the country; 4,80,583 in 2023 and 4,61,312 in 2022. Yet, over half of the vehicles plying on the roads do not possess a valid insurance cover. Additionally, there are a large number of vehicles that do not possess active or valid registration.

The court termed it "shocking" that nearly 56% vehicles plying on Indian roads remain uninsured, as per the Report of the Standing Committee on Finance 2024-25. In absolute terms, the stark figure of uninsured vehicles stands at 16.54 crore vehicles out of a total of 30.48 crore vehicles. The consequent effect is that the statutory safeguard of victim compensation is often delayed, if not defeated.

"An unfortunate reality of road safety in India is that despite the existence of a statutory framework mandating third-party motor vehicle insurance, the compliance thereof is found to be lacking. Consequently, victims or families affected by motor accidents often have to run pillar to post in order to receive compensation," the court said.

In another verdict in June, the apex court had pointed out a pendency of over four years in more than 50% of motor accident claim cases. "This situation is compounded when the vehicle in question has no valid insurance policy," the bench said.

What happens if the vehicle is uninsured?

The victims of the accident and their families have no recourse to adequate compensation within a reasonable time period. They often have to enter into prolonged litigation concerning the quantum as well as liability for compensation. The consequence is even more severe for families where the victim is deceased or has suffered permanent disability, as the financial impact on the family is significantly heightened.

This is further compounded by a number of vehicles not possessing valid or active registration. Therein, the process of tracing the identity of the driver/owner involved in the accident becomes difficult and time-consuming.

What are the citizen's rights?

The 'Right to Life' enshrined under Article 21 of the Constitution mandates the state to ensure a safe environment where human life is preserved and valued, whereas the safety of the commuter is an integral facet of the right to life with dignity. On November 2, 2025 the Supreme Court recognised the linkage between Article 21 of the Constitution and the road safety of a commuter. Later, the Patna High Court held that a right to safe travel is inherent to the right to free movement under Article 19(1)(d) and the right to life and liberty under Article 21 of the Constitution.

How can technology play a role?

Integration of the enforcement system with technology is the need of the hour. Existing offline technology for issuance of challans and road-safety management is required to be integrated with e-models, specifically when it comes to ensuring compliance with statutorily mandated insurance.

What has the court directed?

ANPR (Automatic Number Plate Recognition) cameras deployed on highways and roads are equipped with a mechanism to curb and penalise road safety violations such as high speed, red light jumping, driving on the wrong side of the road, etc. They are to be integrated with data from the Insurance Information Bureau (data repository and analytics body) and the VAHAN portal for issuance of automatic e-challans to uninsured vehicles, in furtherance of the Standard Operating Procedure (SOP) for Electronic Monitoring and Enforcement of Road Safety.

To monitor real-time insurance status of vehicles and impose challans for violations, ensuring compliance with mandatory insurance on the ground, the state police has to be provided with handheld devices or downloadable apps, linked with the data from Insurance Information Bureau and VAHAN portal.

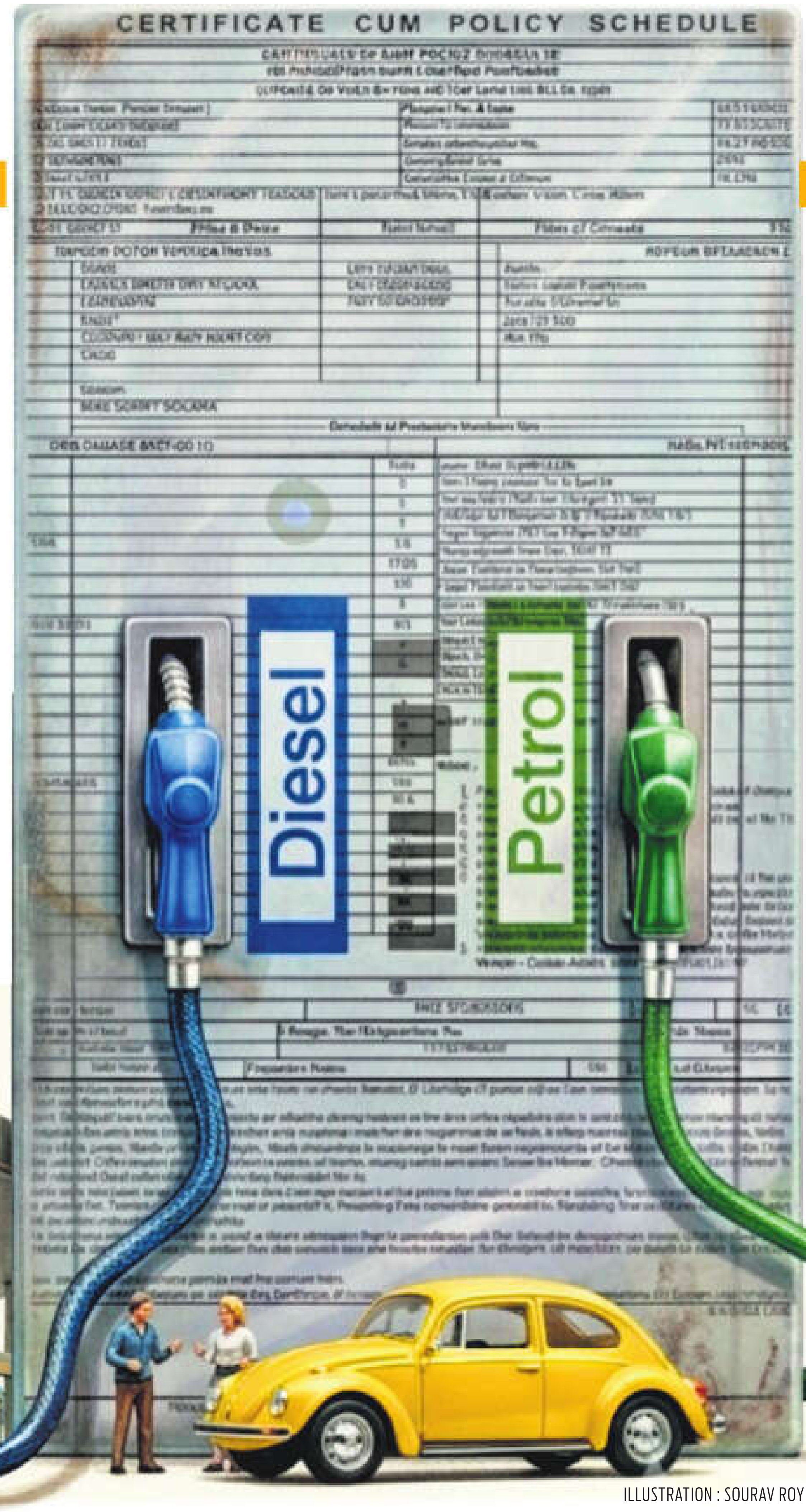

ILLUSTRATION : SOURAV ROY

What kind of insurance policies can the customer choose from?

To bring clarity to various policy options for the vehicle-owner so as to allow them to make an informed choice, the SC directed that a broad four-layer structure be implemented for private vehicles.

1. Third-party only policy. This shall be a base policy with minimum cover as required by the Motor Vehicles Act. Its pricing will be fixed through a consultative process between the IRDA and the Central government.

2. Additional optional cover for the occupant(s)/pillion rider (other than owner, driver and family of the insured). This add-on will be optional and available at an additional premium, covering occupant(s)/pillion riders of the insured vehicle. Its pricing will be determined by the respective insurance companies.

3. Personal accident cover for the owner, driver and any occupant(s)/pillion rider. This add-on will cover personal accident i.e. death and/or permanent disability of the occupant(s)/pillion riders of the insured vehicle including owner, driver and family of the insured. The pricing thereof will be determined by the respective insurance company.

4. Own damage cover. This add-on will cover liability for loss or damage to the insured vehicle itself.

Every customer, at the time of purchase of insurance, will be issued a 'customer option form' — offline or online — whereby they may 'opt in' via check boxes to the add-on options.

What options would be given while buying the vehicle?

The consumer-friendly customer information sheet will have to be given to the prospective customers outlining the above four-layered structure, i.e., who is covered under mandatory and optional covers. The court directed increasing third-party insurance to four years for new cars and six years for new two wheelers at the time of purchase as against three and five years at present, respectively. The IRDA was asked to issue necessary directions immediately.

How is the project to be rolled out?

A pilot project is to be implemented allowing citizens to verify insurance status. The insurance status to specify the kind of insurance, whether mandatory (third party only) insurance or comprehensive policy.

The MoRTH is to implement the said pilot project on certain corridors, substituting the process of stopping at toll plazas with automatic detection of vehicles passing through toll points.

How will fuel be linked to insurance?

The IRDA (Insurance Regulatory and Development Authority) in consultation with the Ministry of Road Transport and Highways, has been directed to evolve a pilot project whereby fuel for vehicles will be linked with valid third-party insurance status.

In the absence of valid insurance, the vehicle concerned would be refused fuel at petrol filling stations, until such time a valid insurance cover is obtained. This may be done through the use of ANPR cameras. The Ministry of Petroleum and Natural Gas, had in principle, no objection to the proposal.