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Supreme Court directs 4-year third-party insurance for new cars, 6-year cover for new two-wheelers: What it means for vehicle buyers

The Supreme Court has directed that all new cars must carry four years of mandatory third-party motor insurance, while new two-wheelers will require six years of cover, extending the existing long-term insurance tenure by one year for each category. The move aims to curb the growing number of uninsured vehicles on Indian roads and improve compensation access for accident victims.

Presently, new cars are required to have three years of third-party insurance and new two-wheelers five years, in line with the Supreme Court's 2018 direction. Paras Pasricha, Business Head - Motor Insurance at Policybazaar, said, "The Supreme Court’s directions seek to address the persistent challenge of a large number of uninsured vehicles despite third-party insurance being mandatory. The direction to extend long-term third-party cover for new vehicles to four years for cars and six years for two-wheelers reinforces this objective by reducing the risk of policies lapsing in the initial years of ownership."

While Pasricha highlighted the move as a way to reduce policy lapses and improve compliance, another insurer said the longer mandatory tenure would also strengthen financial protection for road users and accident victims over the long term. Amarnath Saxena, Chief Technical Officer - Commercial, Bajaj General Insurance, said, “Extending the tenure of mandatory third-party cover is not merely about increasing the policy period, but it is about improving the continuity of protection for every road user and reducing the number of uninsured vehicles over time."
Experts said the longer mandatory cover is expected to improve insurance compliance during the early years of vehicle ownership, when policy renewals are often missed, leaving vehicles uninsured despite legal requirements.

With vehicle ownership rising rapidly in India, the measure is also expected to strengthen financial protection for road accident victims by ensuring that more vehicles remain insured for a longer period from the time of purchase.

It could also help deepen insurance penetration by reducing policy lapses and encouraging sustained compliance with mandatory third-party insurance norms. "For accident victims, this can significantly improve access to timely compensation. For the insurance ecosystem, it is an important step towards expanding insurance penetration in a more meaningful and sustained manner. More importantly, it reinforces the idea that insurance should be viewed not merely as a regulatory obligation at the time of purchase, but as a fundamental pillar of responsible mobility and financial accountability on our roads," said Saxena.