

INSURANCE WATCH SANDBOX PILOT PROJECT

Insurers set to launch 'pay as you use' motor policy, app-based multi-vehicle cover

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MUMBAI JANUARY 22

VEHICLE OWNERS will soon get various unique options when they apply for the insurance policy and pay the premium as they will be priced on the basis of the distance covered while driving the vehicle or by computing the driving behaviour, and even get an app-based single policy for multiple vehicles.

Insurance companies are getting to ready to launch innovative schemes like 'pay as you use' or 'pay how you use' under pilot projects through the sandbox route. The Insurance Regulatory and Development Authority of India (Irdai) had recently approved 33 proposals — out of 173 proposals it received — from various non-life insurance companies under the regulatory sandbox structure. As per the sandbox guidelines, the product can be launched only as a pilot and the period for launch and completion is from February 1, 2020 to July 31, 2020 as per Irdai operational guidelines.

The regulatory sandbox project has provided the insurance industry with flexibility to explore new products and services that suit the latest technology and data-driven world. This methodology allows insurers to launch and test a product with a select group of people for a period of six months. Based on the results of the pilot run and the feedback, Irdai will allow the product to be launched commercially for the public.

In India, the premium for a motor insurance policy for the own damage (OD) part is based on the age, make and model of the vehicle. "Pay as you consume model" will help us change this and charge premium based on kilometres utilised by the insured or the amount of time they intend to drive the car. This will encourage more people to opt for motor OD insurance since majority of the vehicles only have third party liability policy as mandated by law," said Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance.

"We have always believed in not only staying relevant, but be ahead of the curve in terms of mitigating the evolving risks through our innovative insurance solutions," he said. Bajaj Allianz plans to introduce 'pay as you consume' cover for motor insurance.

ICICI Lombard General Insurance has received permission for 'pay-as-you-use' and 'pay-how-you-use' policies for private cars. It is also developing a single-owner multiple-vehicle motor floater policy. In the case of 'pay-as-you-use' and 'pay-how-you-use' policies for private cars, the insured gets an option to pay their premiums on the basis of the distance covered or by comput-

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ing the driving behaviour. The motor floater policy will now offer an option to customers to have a single policy for multiple vehicles by having different sub-limits for each vehicle.

Sanjay Datta, chief— underwritings, claims and reinsurance, ICICI GIC said, "The sandbox route is a progressive step by the regulator to facilitate innovation in the insurance sector. We are excited to have received five approvals for our tech-enabled product ideas. We look forward to offer consumer differentiated and convenient experience through this new-age offerings."

Edelweiss General Insurance has received the nod from Irdai for its app-based multi-vehicle, usage-based floater policy for motor OD. The product is an innovative concept that allows the customer to cover any damage to his vehicles through a floater policy.

The policy will cover all risk for all vehicles and the cover can be switched on or off as per the requirement of the customer with the flexibility of adding and deleting vehicles as required.

The policy is a floater for multiple vehicles and usage-based. What this means is that there will be premium savings for the customer as compared to having multiple policies for their vehicles. The app allows for claims to be settled through live video, uploaded either by the customer or the garage.

"The emerging era of shared mobility makes it a very relevant product for vehicle owners today where they can pay as per the usage of the vehicle and/or driving behaviour. Further, as the policy covers multiple vehicles in one, it saves you time and any hassle involved with buying multiple policies for multiple vehicles," said Shanai Ghosh, CEO and executive director, Edelweiss General Insurance.

The innovative products approved by the regulator are likely to price the product on the basis of usage. This means the more a customer uses his vehicle, he will have to shell out more as premium and vice versa. For the sandbox, an applicant should have a net worth of Rs 10 lakh and a proven financial record of at least one year.