

# Ways to reduce your motor insurance premium

Vijay Kumar

WHILE the third-party motor premium rates are fixed by the regulator, you could control the cost on own damage.

## Keep no claim bonus intact

A no claim bonus (NCB) is a discount the insured is entitled to get on his premium during renewal of the motor insurance policy, depending on the number of years he has not made a claim. It is earned only in the own damage (OD) section of motor insurance policies. If you avoid filing small claims and pay for minor repairs yourself, your premium at the time of renewal will be lower.

It is advisable that when your car gets damaged, get an estimate for the repairs. If the amount that you need to spend towards repair of damages is lower than the amount you could end up saving during the renewal of your policy through the NCB you can earn, you could avoid making the claim. If your claims are of a negligible amount for issues such as a broken

taillight or scratches on your vehicle, not filing them can help you keep your no claim bonus intact. For instance, if your motor own damage premium is ₹11,000 and you are entitled to a 35% NCB discount (₹3,850) during renewal due to a claims-free policy period, it would make monetary sense to avoid filing for a claim for a repair cost of ₹3,000.

Another way to protect your ac-

## INSURANCE

cumulated NCB is to buy the NCB protector add-on cover that comes by paying an additional premium. This keeps your NCB protected even if you make a claim during your policy period and restores it at a slab lower. For instance, if you have accumulated an NCB of 40% but file a claim, the add-on cover would make sure your NCB doesn't become nil at the time of renewal, and reinstates it at 30%.

## Get vehicle repaired at a network garage

You should take your vehicle to a network garage of the insurer to

get the damages repaired at a lower, negotiated cost. You might be able to get the damages repaired at a cost around 20% lower than that charged by your local garage. For instance, if the repair cost is ₹5,000, you could get the work done at ₹4,000. So you would not only get better and convenient service, but would also end up saving on your out-of-pocket expenses towards the repairs. Also, the lower the repair cost, the lower would be the depreciation amount borne by you.

## Avail long-term motor insurance policy

Products in the market offer a

long-term cover for two-wheelers with an option of two and three-year coverage, along with 24x7 roadside assistance. If you avail such a policy, not only would your vehicle be insured for a longer duration, but you would also save your expenditure towards your motor premium as compared to a single-year policy. Also, third-party motor premium and service tax hikes would not affect such a policy.

## Opt for voluntary deductible

Another way of reducing your outgo towards motor premium is

by opting for a higher voluntary deductible component in case of a claim. A deductible is a specified amount that the insured has to bear when he files a claim, following which the insurer pays the balance. Opting for a higher deductible earns you a discount in your premium. So, you could opt to contribute towards your claim and pay a lower premium, discounts for which could go up to 20% to 35% subject to the voluntary deductible amount you choose.

For instance, the defined deductible in the motor insurance policy is ₹1,000/1,500. However, if you avail a higher voluntary deductible say of ₹7,500, you would be entitled to 30% discount in your own damage premium. There are different ranges of deductibles depending on factors such as the size of your car as well as the risk exposure. Ideally, if the insured is confident of his driving skills, then he should opt for a higher deductible.

*The writer is chief technical officer, Motor, Bajaj Allianz General Insurance*

## DAMAGE-COST CONTROL

■ If you avoid filing small claims and pay for minor repairs yourself, your premium at the time of renewal will be lower

■ One way of protecting your accumulated no claim bonus (NCB) is by buying the NCB protector add-on cover that comes by paying an additional

premium

■ You should take your vehicle to a network garage of the insurer to get the damages repaired at a lower, negotiated cost. You might be able to get the damages repaired at a cost around 20% lower than that charged by your local garage