

Benefits of opting for usage-based motor insurance

Gone are the days when traditional 'one-size-fits-all' products were a norm in the insurance space. Today, insurers are designing customised products that meet the individual requirements of their customers. In line with this streak of innovative products and services, it has come out with a unique feature called 'Pay as you consume' (PAYC) for motor insurance.

While the PAYC model is already being widely used in many developed countries, it is a relatively new concept in India.

PAYC is an add-on cover that you can buy under the 'own damage' section of your motor insurance policy. It gives customers the liberty to choose coverage based on their vehicle usage and calculates the premium as per the distance covered and the coverage opted by the insured. You have the option to select from different usage slabs, which vary from insurer to insurer.

So, what happens if you exceed this pre-declared usage limit? Well, in this sce-

nario also, there is no reason to worry. You can simply top up your plan by moving to the higher kilometre slab. Since the distance that each customer covers via their vehicle differs, PAYC charges the premium based on the distance covered by the particular vehicle, unlike the traditional insurance premium.

While traditionally the premiums are calculated based on the make and model of the car, age of the vehicle, insured declared value, and location to name a few, the PAYC model calculates the premium based on the distance covered. Simply put, PAYC helps you tailor the coverage to get your individual needs.

In telematics we trust

The use of a telematics device is elementary in the PAYC model. A telematics device uses informatics, advanced analytics, and telecommunication to store, receive and send data. The insurers install a telematics device in the



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vehicle; the device is typically plugged into the car's on-board diagnostics port. This device monitors the distance covered by the vehicle, and it also reflects the balance of the remaining distance. Such devices also track the driving

behaviour of the user through various driving metrics.

Apart from the data from this device, app-based telematics are also used. Advanced analytics can be used to capture the driving information including acceleration, speed, and breaks to name a few.

The vigilant and careful drivers will be rewarded for their safe driving behaviour in the form of premium discounts. The better you drive, the more discounts you will attract. The use of telematics devices encourages safe driving as it helps you monitor your driving behaviour.

Is it for everyone?

'Pay as you consume' is ideal for people who



use their vehicles only once in a while to cover a long distance. It is also suitable for people who have more than one vehicle and do not use them equally. This is a great fit for people who commute more often through public transport than their vehicle. It is also quite apt for people who carpool for their commute to work.

In short, PAYC offers great flexibility and customisation and helps lower your motor insurance premium.

Phishing in troubled waters? Take cover in cyber liability

Protect family's data, finances; consider floater cover as well

BINDISHA SARANG

Since the onset of the pandemic, and with more people adopting the digital payment route, the incidence of online frauds through malware, phishing, and identity theft has risen worldwide, and also in India.

A recent online survey of over 4,500 respondents by PolicyBazaar showed that nearly 20 per cent of them had suffered a financial loss due to cybercrime. However, only 24 per cent had purchased a cyber insurance policy. The survey also



revealed that financial loss due to unauthorised transactions is the threat most respondents (57 per cent) want covered through cyber insurance. With more people working from home, the need for a family cyber cover has grown.

Soayib Qureshi, associate partner, PSL Advocates & Solicitors, says, "India is second only to China in terms of number of online users, estimated at above 700 million currently. Protection of their data has become a priority."

A must-have cover

Anyone who's a part of the digital world is at risk in cyberspace.

T A Ramalingam, chief technical officer, Bajaj Allianz General Insurance, says, "We now spend a substantial amount of time on our devices for various daily requirements like mobile and internet banking, online payments, e-commerce purchases, social media consumption, and entertainment on over-the-top platforms."

Lovani Navlakhi, board member, Association of Registered Investment Advisers, says, "Everyone who is exposed to digital platforms needs to protect themselves by purchasing cyber insurance. For those who are more susceptible to frauds, like senior citizens, this cover is a must."

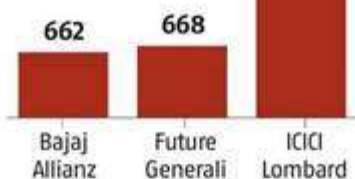
New users of the internet are



A COST-EFFECTIVE COVER

Premium rates are for individual covers

■ Annual premium for ₹1-lakh cover (₹)



Source: PolicyBazaar

also susceptible.

"Cyber insurance cover offers coverage against cyberattacks and threats. It helps customers reduce the impact of losses in case any vital financial, or other sensitive information is stolen or misused," says Ramalingam.

What's available

Currently, Bajaj Allianz, ICICI Lombard, HDFC Ergo, Future Generali, and SBI General Insurance (which launched its policy on Tuesday) offer this cover.

Naval Goel, chief executive officer and founder, PolicyX.com, says, "The plans are made for individuals. They can be topped up with covers to protect the spouse, children, and other family members."

Consider a family cover as nowadays almost every family member goes online. A family floater is also less expensive than buying an individual cover for each member.

The covers from various players

are broadly similar, although their finer details may vary.

Evaa Saiwal, practice leader—liability and financial risk, PolicyBazaar, says, "Some insurers provide specific plans that target different user groups, such as students, entrepreneurs, families, and salaried professionals, while the others offer a personal cyber insurance with sum insured."

Coverage and exclusions

These policies cover policyholders for losses resulting from fraudulent transactions over the internet, which hit bank accounts, credit or debit cards, and mobile wallets.

"Any data breach, ransomware attack, cyberbullying, malware intrusion, or extortion event is covered by this policy. It also covers expenses related to investigation, forensic costs, data recovery, and information technology consultancy services," says Saiwal.

If the policyholder has to consult a psychologist to deal with the trauma or stress arising from such incidents, the cost of doing so is also covered.

"This policy generally covers all devices you utilise to access the internet. Some insurers offer worldwide coverage," says Goel.

Cyber insurance policies come with a few exclusions which policyholders should be aware of.

"Dishonest and improper conduct, bodily injury, property damage, unsolicited communication, unauthorised collection of data, and immoral or obscene services are not covered," says Ramalingam.

Delay in purchase can be costly

Experts suggest buying cyber insurance cover, especially for those working from home (WFH).

Kapil Mehta, co-founder, SecureNow, says, "These plans are particularly relevant for people who spend a lot of time online and work using online resources. This segment has increased considerably over the past few years because of WFH. It is a cost-effective cover. For ₹5,000, you can get a reasonable amount of protection."

