

Date: 04.08.2023

Publication: Business Today

Headline: - Is buying a 5-year motor insurance policy from a dealer mandatory? What are the best options available?

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I recently booked a bike and was told by the dealer that I compulsorily need to buy a 5-year insurance policy from them. It is turning out to be quite expensive. Can you guide me on the best way to opt for a motor insurance policy for my bike that's inexpensive but still offers good coverage?
Sneha

Reply by Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance

Sneha, I am glad you are opting to buy a two-wheeler insurance policy that provides good coverage and protects you financially in case of some exigency. To give you some context on a two-wheeler motor insurance package policy, it consists of a 'Third-Party Liability Cover (TP)', a Personal Accident Cover for Owner-Driver and an 'Own Damage Cover (OD)'. As you must be aware, a Third-Party Liability Cover is mandated by law, and you may be liable to pay hefty fines if you do not opt for this cover. This cover protects you from liability arising from third-party property damage, physical injury, or death caused by an insured vehicle. You will be interested to know that there are no limits on the claim amount for third-party liability, which means that the quantum of the claim, in cases of death or damage to a third party, is determined by the court of law. On the other hand, Own Damage Cover provides coverage for your insured vehicle and covers damage from natural calamities, fire, theft or burglary, accidental external means and man-made calamities like riots, terrorist attacks, and malicious acts, among many others. A Personal Accident cover is also essential since it provides coverage for accidental injury and permanent total or partial disability, among others.

Sneha, there are different two-wheeler insurance plans like package policies, third-party liability only policy, standalone own damage only policies, and two-wheeler bundled policies that provide the

benefits of OD and TP cover under the same policy. The mandatory third-party liability-only policy is given for a period of five years for new two-wheeler vehicles and requires a renewal only after five years. You can opt for the standalone OD cover as well, along with your third-party policy, either from the same or another insurer. This policy generally opts for one year, which you will have to renew year-on-year. However, a two-wheeler bundled insurance provides one-year OD coverage and five-year TP coverage in a single policy. Also, IRDAI mandates a compulsory personal accident cover of a minimum of INR 15 lakhs for owner-driver. But, if you already hold an existing PA cover of a minimum of INR 15 lakhs or do not have a valid driving license, you can waive this from the new policy. Therefore, a five-year Third-Party liability policy is compulsory to take as mandated by law. However, though Own Damage policy is optional, it is always advisable to opt for it along with the Third-Party liability policy, as it will provide you with comprehensive coverage for your insured vehicle.

Sneha, you must know that there are essential add-ons that will provide complete, 360-degree coverage to your two-wheeler. They are not a part of the comprehensive insurance policy, and you need to opt for the same as an add-on. For example, generally, a depreciation amount is deducted from your claim amount because of wear and tear of the vehicle over time; in such a case, a depreciation shield will help you mitigate this additional cost levied during a claim. Similarly, to protect you financially against any repair cost due to a damaged engine and/or its parts, an engine protection cover will play a vital role, whereas a consumable expenses cover will cover the cost of engine oil, gearbox oil, among others, which are generally not covered as part of your comprehensive two-wheeler insurance policy.

I would also recommend comparing different insurance plans from various insurance companies and avoiding settling for the first option presented. This will help you evaluate multiple policies and empower you to choose the right coverage and product. Also, a deductible is typically levied during a claim; therefore, carefully access the clauses before purchasing the policy. It is interesting to know that opting to pay a higher/voluntary deductible will help lower the final insurance premium payable for your two-wheeler. If you already have a two-wheeler, then you can explore the option of a No Claim Bonus (NCB), where if you have not made any claims in the past policy year, you can carry forward the benefit of NCB, which can significantly lower your premiums too. And lastly, thoroughly understand the chosen insurance policy's clauses and terms and conditions.

Choose wisely when you decide on the insurer you want to go ahead with. Ensure that your decision is not primarily based on the premium, as even though there may be lower-priced options available, the coverages might not meet your insurance requirements. Therefore, opt for an insurer that offers the coverage you are looking for, has an extensive network of garages, and is well-reputed for its claims-paying ability.

Always remember, finding an affordable two-wheeler insurance policy for your bike doesn't mean compromising coverage. You just need to strike a balance between the cost and coverage that are essential for you and fall into your requirement criteria.