

Lured by offers on cars? Insurance got cheaper too

Kumar Shankar Roy
correspondent@dnaindia.net

It's pouring discounts and offers for vehicle buyers as the year-end season is underway when automobile firms slash prices, making the purchase of that dream car more attractive.

But as you sit down to do a detailed research on buying the best car, spare some time to study on how to get adequate protection as well through comprehensive car insurance policy.

A clutch of private sector insurers like Bajaj Allianz and ICICI Lombard have already announced 5-15% reduction in premium. Let's find out the details.

The festive season and year-end sales bring an explosion of attractive car offers.

Car makers provide attractive financing options, EMI holidays and pack a neat deal of goodies when you buy a vehicle during this period.

Discounts are getting bigger with price tags getting lower by Rs 10,000 to Rs 1 lakh. A car is a one-time purchase for most Indians. This is why car insurance assumes extreme significance.

Since third party (TP) cover is mandatory, many cash-strapped car buyers just buy the minimum cover. TP car insurance provides cover against any legal liability, caused by injury or damage, to a third party when you are



A DRIVE TO ENJOY

■ A clutch of private sector insurers like Bajaj Allianz and ICICI Lombard have already announced 5-15% reduction in premium

■ The same has been made possible due to cost benefits derived from multiple factors including GST, savings from operational efficiencies etc, according to ICICI Lombard

at fault as a driver, but does not cover own damage.

For example, a TP cover will pay the Rs 35,000 repair bill for a motorcycle that your car hit in a major accident.

However, if your car is damaged as well, the TP cover will not pay that bill.

This is why a comprehensive car insurance policy is ideal since it gives wider coverage, including TP insurance.

Good comprehensive car

insurance policies may also provide personal accident cover to the owner of the vehicle in case of accidental death and permanent total disablement.

Bajaj Allianz General Insurance has announced lower premium rates for existing and new customers in the private car segment. The new rates will be applicable from January 1, 2018.

The reduction of premium will be in the range of 5-15%.

Tapan Singhel, managing director and chief executive officer, Bajaj Allianz General Insurance said, "This New Year, we are taking one more step in this direction by re-looking at our prices and lowering premium rates in private car segment, which will create value for money for our customers."

ICICI Lombard has already started reducing and is gradually making it effective across car brands and models. The reduction in rate varies, depending on the car model and the extent of the drop in premium, would be up to 15%.

Sanjeev Mantri, executive director, ICICI Lombard General Insurance said, "We are already reducing motor insurance premium rates. The same has been made possible due to cost benefits derived from multiple factors including GST, savings from operational efficiencies etc."

For example, insurance premium for i10 cars has reduced from Rs 17,000 to Rs 15,000 while the premium for Etios has come down to Rs 20,000 from Rs 22,000.

Seeking additional covers based on your risk profile is the right way to maximise protection.

We live in times where even metropolitan cities can throw huge risks. According to the latest NCRB 2016 report, nearly 19,000 cars and SUVs were stolen in 2016.

Delhi, Chennai, Jaipur, Bengaluru, Mumbai, Kanpur, Lucknow, Agra, Hyderabad and Pune are the top 10 cities with the highest number of road crash deaths.

In 2017, many cars were submerged and destroyed in Mumbai floods. About two years back, there were floods in South, with Chennai being the hardest-hit as people left cars stranded on the streets.

Anil Rego, CEO, Right Horizons, said, "Driving through large pools or puddles of water can stall the car.

Repeated cranking of the engine to restart would result in water ingress into the engine. Add-on cover like engine protect pays for consequential losses to internal parts of your engine due to such ingress of water. You may get consequential losses to differential parts and gearbox parts as well in some policies. A normal car insurance policy does not cover these risks."

There are quite a number of useful add-on covers like nil depreciation, additional limit of TPPD (third party property damage), daily allowance benefit and NCB (no claim bonus) retention benefit.

Depending upon needs, one can consider buying cost-effective, bundled add-on covers that offer benefits of nil depreciation, engine protect, consumables and key protect in a single package.