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[From the New Year, customers can opt out of compulsory personal accident cover under motor policies](#)

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From January 1, 2019, customers can choose to opt out of the compulsory personal accident cover under motor third party insurance and instead avail of a standalone product. The insurance regulator has decided to unbundle the Compulsory Personal Accident (CPA) cover and allow the issuance of a standalone CPA cover for owner-driver.

This will mean that customers, who do not wish to pay an additional amount for personal accident component of motor third party products, can take a standalone product. Insurance Regulatory & Development Authority of India (IRDAI) has said that if an owner-driver already has a personal accident cover of Rs 15 lakh, they need not take another cover.

What IRDAI said in September

In September, IRDAI had said that car and bike owners will now get a compulsory personal accident cover of Rs 15 lakh under their motor insurance policies. Earlier, the mandatory cover was Rs 2 lakh for cars and Rs 1 lakh for two-wheelers. Here, a premium of Rs 750 per annum is applicable for the Rs 15 lakh cover.

Due to an increase in the sum assured for the personal accident cover, all vehicle owners and drivers will be eligible for insurance benefits for death and permanent complete disability. General insurers are required to mandatorily provide it both for third party liability as well as comprehensive covers.

How will the new cover be priced?

As an interim measure, IRDAI has allowed insurers to price the product based on risk. This will mean that the price could be much higher than the Rs 750 annual premium charged currently. This cover can be taken from any general insurance company and not necessarily from the same insurer from whom the motor insurance is being bought.

Onkar Kothari, Compliance Officer and Company Secretary, Bajaj Allianz General Insurance said that insurers have been asked to file the standalone CPA as a product under the file and use guidelines along with its pricing.

"Additionally, if an individual has a personal accident policy covering death and permanent disability, total as well as partial, with sum insured of atleast Rs 15 lakh, they need not take a separate CPA cover, neither with motor policy nor as standalone," added Kothari.

The cover under the standalone CPA policy would be valid when the owner-driver drives any of the vehicles he/she owns. The duration of the cover is one year.

Is it mandatory?

Personal accident cover for vehicle owners is mandatory as per insurance regulations. In an October 2017 judgement, the Madras High Court had said enhancing the compulsory personal accident cover will offer some solace to road accident victims.

The product is currently sold as a package with motor insurance liability only and comprehensive policies. The premium for the CPA cover is over and above the third-party and own damage component and is indicated in the policy document.