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# After Irdai overhaul, what's in store for motor insurance space?

Motor insurance has seen major changes over the past few months, such as change in policy tenure and sum insured for private vehicles. We asked experts about the overhaul and the way forward for the space



**RAJKHOSLA**  
Founder and managing director, MyMoneyMantra

## Market ready for product innovation

It was in 2007 that the pricing of motor own damage was detariffed, and it is only in November 2018 that the insurance regulator has established a working group to further examine the issue. I think we now need to free up basic product structures, which were earlier left untouched. The market has evolved considerably and is ready for significant product innovation in own damage, including usage-based pricing (which is common overseas), break-up of coverage by peril and higher deductible-based motor insurance.

The online ecosystem is now large and current motor insurance products need to be modified to effectively reach online customers, as well as need to be suitably buttressed with attractive offers like lower premiums. The information and processes needed to purchase a policy online should be rationalised and made less cumbersome. For instance, the number of fields in the proposal form should not exceed 10.

To protect the consumer, Irdai should keep a check on exclusions. The list of exclusions should be specified and clearly defined, in line with the recent steps taken in the health insurance space.



**TAPAN SINGHEL**  
Managing director and CEO, Bajaj Allianz General Insurance

## Greater insurance penetration needed

With the recent Irdai regulations, motor insurance in India is undergoing significant transformation. Despite motor third-party insurance being mandatory by law, a majority of vehicles plying on Indian roads are uninsured, mainly because of lack of awareness.

While long-term motor third-party insurance will ensure that vehicles stay insured for a longer duration, increase in the sum insured of com-

pulsory personal accident cover to ₹15 lakh will provide additional cover to drivers in case of an accident.

There is concern over low penetration of motor insurance. A simple way to address this is to map the registered vehicles' database from regional transport offices (RTOs) and insured vehicles' database from insurance companies and send this data to the Insurance Information Bureau.

RTOs can send a notice to vehicle owners based on this record. For on-ground implementation, the traffic police should develop a mobile application to identify uninsured vehicles.



**TARUN MATHUR**  
Chief business officer - general insurance, Policybazaar.com

## New Irdai rules are customer-friendly

All the recent changes have been positive. For instance, the mandatory term for the third-party liability component of these policies has been increased to three years, which will eliminate the concept of customers being uninsured. The second major change that we saw is that the minimum premium is now ₹750. Most people were unhappy with that, which I find quite shocking. All it means is that if an accident happens,

the insured would get ₹15 lakh, rather than the paltry ₹1-2 lakh earlier. To my mind, that is the right regulation because you are protecting the policyholder.

The erstwhile regulations were very distributor-friendly, and now they are becoming more customer friendly.

With the committee being formed for innovation, I think we will see "pay as you go" come into play. It'll allow people to put a telematics device in their car to measure how they drive, so that they can get an insurance cover tailored to their needs. I foresee those kinds of experiments taking shape in the coming six months.



**ANIMESH DAS**  
Head of product strategy, ACKO General Insurance

## Motor cover sector needs major facelift

The current motor insurance products in India were drafted back in 2001-2002. Over the years, there have been so many innovations in different markets. Motor insurance products need a major facelift from their current version, especially in terms of the application of technology for customisation of offerings, pricing and services for vehicle owners.

One of the gaps in motor insurance is that every customer is paying a similar premium, and the pricing is not done taking an individual's vehicle usage into account. Why should two car owners with daily usage of 2km and 20km respectively pay the same premium? The current products need to see the introduction of premium as per usage. Also, the product should be enhanced keeping the current vehicle owners in mind, where they expect cashbacks, referral bonus and other benefits, on the basis of their better driving behaviour.

Customers are getting used to the service levels offered by e-commerce companies. The insurance sector also needs to match up to the expectation of new-age customers. Products and services should be powered by technology advancements to benefit both insurers and customers.

## EXPERT SPEAK

Nilanjana Chakraborty