

## moneybasics

# Motor insurance policy changes

### TWO BIG CHANGES



If you've bought a new car or a two-wheeler this year, you should know about two major changes. "The Insurance Regulatory and Development Authority of India (IRDAI) directed general insurance firms to offer only long-term third party cover for new cars and two-wheelers effective from September 1, 2018," said Shreeraj Deshpande, principal officer, Future Generali India Insurance Co Ltd. Meanwhile, IRDA also instructed insurers to increase the sum insured under compulsory personal accident cover to ₹15 lakh, said Anup Rau, chief executive officer, Edelweiss General Insurance Co Ltd.

### LONG-TERM MOTOR COVER



The regulator issued the directive after the Supreme Court passed an order on July 6, 2018, mandating a three-year third party cover for new cars and five-year cover for new two wheelers.

"It removes the hassle of renewing the policy every year, which at times results in the break-in and loss of the no-claim bonus," said Gurneesh Khurana, president and country head, Motor Business, Bajaj Allianz General Insurance Co Ltd. However, there are some concerns around increasing cost burden on consumers and potential lack of freedom of choice, Rau added.

### PERSONAL ACCIDENT COVER



The regulator directed an increase in the personal accident sum insured cover for the owner driver in the motor policy to ₹15 lakh from the current cover of ₹1 lakh for two wheelers and ₹2 lakh for four wheelers, said Deshpande. The corresponding premium has been increased from ₹50 for two wheelers and ₹100 for four wheelers to ₹750 across the segment, he said.

This was implemented by all general insurance firms in October and is compulsory for the policy's first year, Deshpande said. This move ensures appropriate cover and financial support in case of disablement or death, Khurana added.