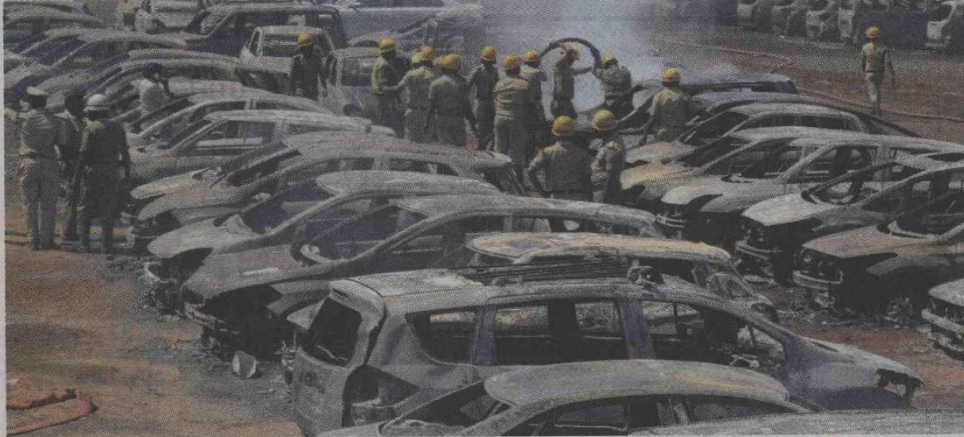


Aero India car parking fire: Owners with comprehensive plans eligible for payout



Firefighters at work at the parking lot of Yelahanka Air Force Station in Bengaluru, where a fire broke out during the Aero India show on Saturday.

REUTERS

Shaikh Zoalib Saleem
zoalib.s@htlive.com

On 23 February, around 300 cars, parked outside the Aero India show venue in Bengaluru, were gutted after dry grass caught fire. Similarly, a fire in a parking lot in Chennai gutted over 170 cars on 24 February, according to news reports. While no one was injured in the two accidents, for car owners, it would be a huge loss. Fortunately, they can look up to insurers for compensation.

Owners of vehicles that were completely gutted as well as owners of those vehicles that were partially damaged and can be repaired will be eligible for an insurance payout, if they have a comprehensive motor insurance policy. Here is what will happen in the two scenarios and what you need to do if your vehicle was among those damaged or destroyed in the two accidents.

CAR OWNERS HAVING A COMPREHENSIVE POLICY

Owners who have a comprehensive motor insurance policy will have a cover up to the insured declared value (IDV) of the vehicle.

A comprehensive motor policy has a bundled own-damage insurance cover along with the mandatory

third-party liability insurance. An own-damage cover comes handy in situations like the recent fire accident, or in cases of theft, apart from other motor accidents. The insurance company will bear the cost of repairs in case of damages, or will pay the entire IDV to the owner in case the vehicle is gutted and cannot be repaired. The IDV of a vehicle is the maximum amount that can be claimed in a motor insurance, and is calculated every year by subtracting depreciation from the sale price of the vehicle.

Once you place a claim request, the insurance company will inspect the vehicle to determine if it can be repaired. "We have received 17 claim requests from this accident so far. We will accept a copy of the FIR (first information report) along with a claim form to process these claims. We have deployed our staff at the accident site to inspect

these vehicles and process the claims," said Sanjay Saxena, head, motor claims and motor underwriting, Bajaj Allianz General Insurance.

If the vehicle can be repaired, the usual claim process will follow, wherein you can opt for a cashless claim or a reimbursement of the expenses made on the repairs.

In case the vehicle cannot be repaired, the insurance company will

have to pay the entire amount up to the IDV to the policyholder.

If your vehicle has an outstanding car loan, the insurance company credits the claim amount to the financier, and not to your bank account directly. You can avoid this by repaying the outstanding to the bank yourself and getting a no-objection certificate (NOC) from the lender.

For instance, if your IDV for the completely damaged car is ₹5 lakh, and you have a ₹2 lakh outstanding loan on your vehicle, the insurance company would still pay the entire ₹5 lakh to the bank. The bank will then make the required deductions and pass on the rest to you. "To avoid complications, it is better if the policyholder repays the outstanding loan to the bank and gets an NOC from the bank," Saxena said.

CAR OWNERS NOT HAVING A COMPREHENSIVE POLICY

Having an own-damage cover is only optional. Under the law, only a third-party liability insurance is mandatorily required before you drive out your car from the showroom.

So what will happen if your vehicle is damaged in the accident, and you only have a third-party liability policy? In such a situation, you will have to approach the event organisers to make a claim against the damages to your car. This means you will have to wait for the inquiry to be conducted in the entire incident and subsequent claim settlement.