

Two-wheeler insurance sees traction with long-term plans

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FOR the two-wheeler insurance sector, renewals have remained a pain area. However, months after introducing long-term policies, insurance companies are now seeing better growth in the renewals.

According to the data from online insurance aggregator Policy Bazaar, two-wheeler insurance renewals have shot up several times this year.

"We would have sold Rs 2 crore to 3 crore worth two-wheeler insurance poli-

cies in 2015-16. We are seeing a multifold growth in the purchases this year and hope to close the year with Rs 50 crore to 60 crore of two-wheeler policies in 2016-17. One of the main reasons behind increase in the purchase is the long-term policies available in the market," said Neeraj Gupta, head of motor insurance, Policybazaar.com. In the next 12 to 18 months Policybazaar expects long-term policies to account for 30 per cent of the purchases.

Some of the general insurance companies, including Bharti Axa, Bajaj Allianz and HDFC Ergo launched multi-

year policies for two-wheelers this year.

The insured does not have to renew the contract every year with a multi-year policy. This provides savings of five to seven per cent as the total premium is locked for a few years despite the yearly hike in third-party premiums.

According to some industry sources, almost 70 per cent of the two-wheelers that ply on the roads do not have insurance cover. The situation is even worse in smaller cities. Agents do not pursue two-wheeler renewals unlike four-wheel-

ers as the ticket sizes are smaller.

"Every year, a large number of two-wheeler owners do not renew their insurance policies. As a result, India today has the highest number of uninsured two-wheelers on the road. Long-term policies will not only ensure that they are covered for a longer period of time, but will also help save their outgo towards their motor premium in comparison to a single year policy,"

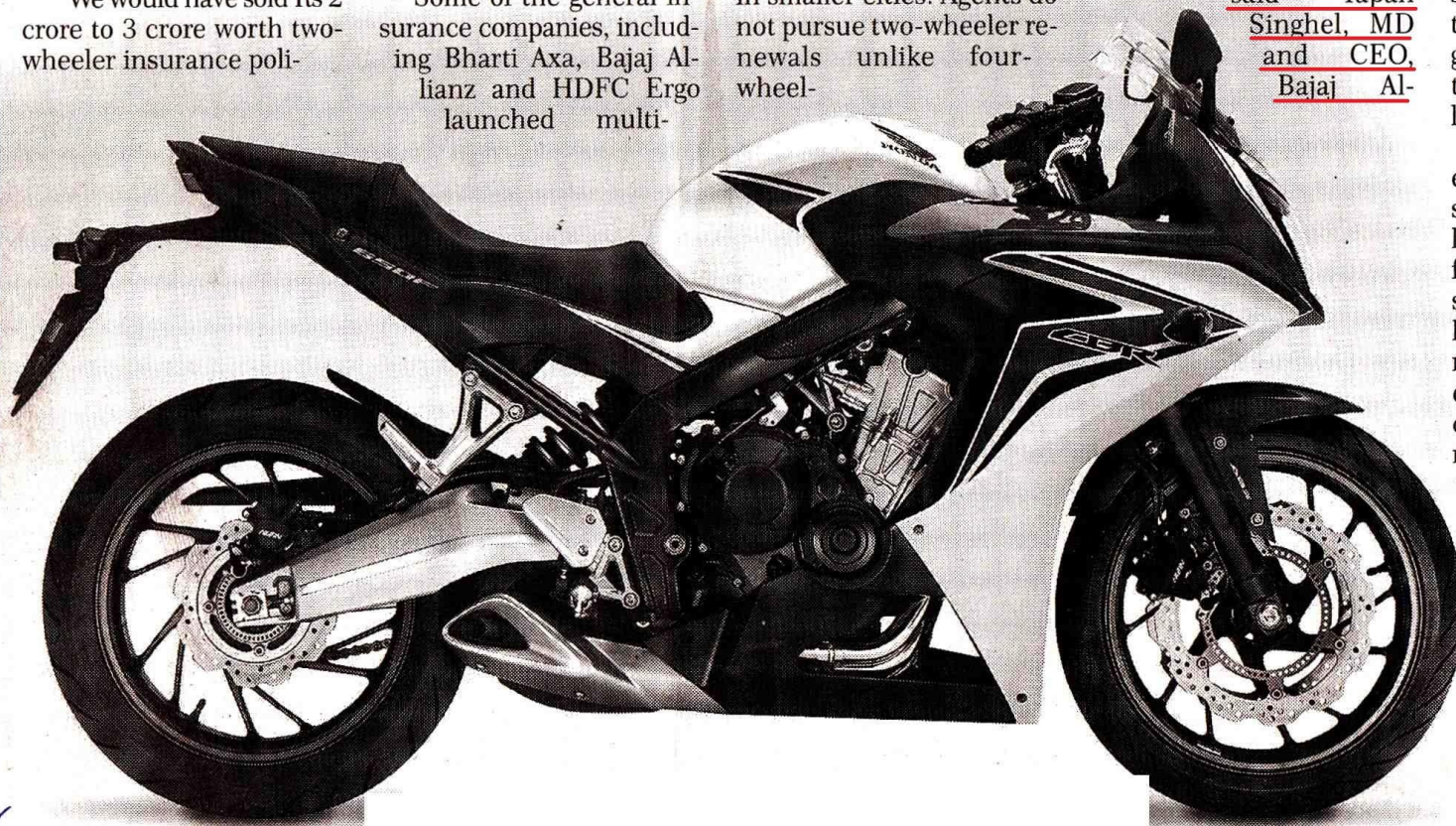
said Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance.

Both insurance companies and aggregators have been focusing on two-wheeler insurance this year. They have been running campaigns and offering discounts on premiums to promote renewals. Availability of renewal policies online and presence of online aggregators have helped increase in the purchases. "For small-ticket policies, online is the best channel," said Gupta.

According to him, the share of smaller cities in two-wheeler purchases has gone up to 35 to 40 per cent this year from 25-30 per cent last year.

"The customers in smaller cities and towns also have started renewing policies online. This is an opportunity for us to reach out to the smaller towns where we have limited distribution network. Going ahead we expect online to be a major channel for policy renewals," said Sanjay Kumar, vice-president and head of motor underwriting at Bharti AXA General Insurance.

Increasing purchase of high-value motor-bikes too has made renewal of own-damage cover essential.



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