

### [Factors impacting two-wheeler insurance purchase](#)

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Our two-wheeler holds a special place in our life; it is convenient to use, affordable, and easy to maintain. For many of us, our two-wheeler is the easiest way to commute on a regular basis. It is only natural that we want to ensure the safety of our vehicle, given its importance. One of the best ways to safeguard our two-wheeler is with the help of insurance.

If you own a two-wheeler and have motor insurance, at some point you might have wondered about the factors that impact the cost of insurance premium. So let's see the main factors that affect our two-wheeler insurance cost.

#### **The type of two-wheeler**

The price of a two-wheeler varies as per the features, specifications, make, and model. Since insurance covers the cost of the two-wheeler, the insurance premium is directly proportional to the cost of the vehicle. So, the premium of a two-wheeler that costs Rs 75,000 will be lesser than the premium of a vehicle that costs Rs 1,00,000.

Another important element that impacts the cost of insurance premium is the cubic capacity (CC) of the vehicle, the cc of a two-wheeler reflects the power output of its engine. A 75 cc bike will attract a lower premium than a 350 cc bike. The insurance regulator has defined slab

rates basis on the cubic capacity of the vehicle to compute the third party premium that is a mandatory insurance requirement.

Third party premium of electric 2W is now defined based on KW parameter of the vehicle (instead of CC)

### **Age of the two-wheeler and insured declared value (IDV)**

You would have noticed that your insurer asks for the age of the vehicle when you fill the proposal form or fill in the details in the online portal of the insurer. This is because, the older the vehicle, the lesser is its value and thus lower is the premium. Like every other asset, the value of your two-wheeler also starts depreciating with time; the older the vehicle, the higher is the rate of depreciation. The rate of depreciation for two-wheelers beings at 5 percent for a vehicle that is below 6 months old, and goes up to 50 percent for a vehicle that is older than five years.

IDV is the maximum value your insurer will pay for the complete damage or theft of your vehicle. The IDV is calculated each year during the renewal, the value arrived after computing depreciation. As your vehicle depreciates over the years, the IDV also comes down. Since IDV signifies the value of the vehicle, it plays a decisive role in premium computation.

### **Type of coverage**

Broadly speaking, there are two types of cover available, a Third Party (TP) cover and a Comprehensive cover. As per the law, it is mandatory to have a TP cover to run the vehicle on the road, the TP cover protects you against the third party liability which may arise if a third party suffers a financial loss attributable to your vehicle. However, the TP cover does not extend protection to your vehicle, for that you require a comprehensive policy.

A comprehensive policy shields your vehicle from natural calamities like hailstorms, earthquakes, floods, inundation, hurricanes, landslides, and rockslides. It also covers man-made disasters like riots, accidents, and thefts. The cost of a comprehensive policy is higher than a TP-only cover because the former provide wider protection.

It is advisable to opt for a comprehensive cover to ensure the complete protection of your vehicle. The cost of insurance is much lower than the amount of loss that can arise in case of an unforeseen event.

### **No claims bonus (NCB)**

Your insurer grants you NCB for each claim-free year. NCB is the reward you get for your good driving behavior. The discount is granted as per pre-defined slabs, it starts from 20 percent for the first claim-free year and goes up to a maximum of 50 percent for five consecutive claim-free years. NCB helps significantly to bring down your motor insurance premium.

### **Add-on covers**

Add-on helps you strengthen the protection of your vehicle, and allows you to customize your cover. Each add-on has some unique feature and serves a specific purpose. The insurance

market offers various add-on like roadside assistance, zero depreciation, medical cover, engine protection, to name a few. These add-on covers come with a cost, thus increasing your motor premium. It is advisable that you pick the add-ons which suit your requirements and accordingly customize to expand your cover.

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