

## Insurers to provide standalone 'own damage' motor policy



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Regulator Irdai has asked general insurance companies to make available standalone annual Own Damage (OD) covers for both new and old cars and two-wheelers from September 1.

Consequently, the issuance of bundled policies for cars and two-wheelers will not be compulsory from September 1, the Insurance Regulatory and Development Authority of India (Irdai) said while making changes in an earlier order in the wake of a Supreme Court ruling.

Buying OD vehicle insurance is optional.

OD covers natural calamities, like earthquakes and floods, and also disasters such as vandalism and riots.

"Effective, September 1,

2019, insurers shall make available stand-alone annual Own Damage covers (including stand-alone OD cover for fire and/or theft if opted for by the policyholder) for cars and two-wheelers, both new and old," the new circular said.

Further, insurers will have the option to offer package policies, in addition to standalone OD and third-party policies.

However, long term standalone OD policy will not be permitted for the present.

"Policyholders have the option to renew the Own Damage component of a bundled cover falling due on or after September 1, 2019, with the same insurer or different insurer, on an annual basis," Irdai said.

For issuance of standalone OD annual cover as well as for renewal of the OD component of a bundled cover, insurers will have to ensure that the cover is offered only if a motor third-party (TP) cover is already

in existence or is taken simultaneously.

Also, the pricing of a stand-alone OD policy should continue to be that being offered for the OD component of a package policy (the same was followed for the OD component of a bundled product as well).

Commenting on Irdai's order, Onkar Kothari, Company Secretary and Compliance Officer, Bajaj Allianz General Insurance said the circular has provided much needed clarity in terms of insurer's approach for standalone motor OD policy, its pricing and duration.

"It's going to be an annual policy. It has also made it mandatory for insurers to ensure that no vehicle should be insured only for OD cover and the insurer needs to mention start and end date of TP policy and name of its issuer while giving standalone OD policy," he said.

Kothari further said Irdai's circular provides clarity to the customers who have opted for bundled cover.

Now they have an option to renew their OD part from an insurer of their choice rather than continuing with the one they had for TP.