

IRDAI allows standalone annual 'own damage cover' for vehicles from Sept 1

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Starting September 1, you can get standalone own damage cover for your vehicle on an annual basis.

The Insurance Regulatory Development Authority of India (IRDAI) has now allowed insurers to issue standalone own damage policies for two-wheelers and cars, both new and old, on an annual basis.

Bundled policies

"Consequently, effective September 1, 2019, the issuance of bundled policies for cars and two-wheelers will not be compulsory. Further, insurers will have the option to offer package policies, in addition to standalone own damage and third-party policies," the IRDAI said in a new circular.

This will mean that insurers can offer a long-term bundled package of own damage and third-party cover or offer them separately.

The regulator, however, said that a long-term standalone own damage policy

will not be permitted for the present.

Own damage policy

It has also directed insurers that for issuing and renewing standalone own damage annual cover, they must ensure that it is offered only if a Motor TP cover is already in place or is taken simultaneously.

"The name of the insurer, the policy number, the start and end dates of the TP policy shall be indicated in the OD policy document," it said.

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

It also provides clarity to the customer, who opts for bundled cover, he added.

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