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Ways to minimise insurance premium of your vehicle

While third-party motor premium rates are fixed by regulator, you can control cost on own damage

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THE third-party motor premium rates keep getting revised from time to time. In the last three years, the rates have gone up by 20 per cent for private cars and 15 per cent for two-wheelers leading to a higher outgo towards your motor policy premium. While the third-party motor premium rates are fixed by the regulator, you could control the cost on own damage. The following measures would help you lower your outgo towards your motor own damage premium:

Keep your no-claim bonus intact

A no-claim bonus (NCB) is a discount the insured is entitled to get on his premium during renewal of the motor insurance policy, depending on the number of years s/he has not made a claim. It is earned only in the own damage (OD) section of motor insurance policies. If you avoid filing small claims and pay for minor repairs yourself, your premium at the time of renewal will be lower.

It is advisable that when your car gets damaged, get an estimate for the repairs. If the amount that you need to spend towards repair of damages is lower than the amount you could end up saving during the renewal of your policy through the NCB you can earn, you could avoid making the claim. If your claims are of a negligible amount for issues such as a broken taillight or scratches on your vehicle, not filing the claims can help you keep your NCB intact. For instance, if your motor own damage premium is Rs 11,000 and you are entitled to a 35 per cent NCB discount (Rs 3,850) during renewal due to a claim-free policy period, it would make monetary sense to avoid filing for a claim for a repair cost of Rs 3,000.

Another way to protect your accumulated NCB is to buy the NCB protector add-on cover that comes by paying an additional premium. This keeps your NCB protected even if you make a claim during your policy period and restores it at a slab lower. For instance, if you have accumulated an NCB of 40 per cent but file a claim, the add-on cover would make sure your NCB doesn't become nil at the time of renewal, and reinstates it at 30 per cent.



Auto insurance provides a cover for loss or damage to any vehicle such as car, two-wheeler or commercial vehicle, etc. It helps mitigate monetary harms due to accidents causing damage to the vehicles. The premiums that are payable by the person securing insurance for his vehicle depends on various factors such as insured declared value, type of vehicle etc.



Get vehicle repaired at a network garage

You should take your vehicle to a network garage of the insurer to get the damages repaired at a lower and negotiated cost. You might be able to get the damages repaired at a cost around 20 per cent lower than that charged by your local garage. For instance, if the repair cost is Rs 5,000, you could get the work done at Rs 4,000. So you would not only get better and convenient service, but would also end up saving on your out-of-pocket expenses towards the repairs. Also, the lower the repair cost, the lower would be the depreciation amount borne by you.

Avail of long-term policy

Products in the market offer a long-term cover for two-wheelers with an option of two and three-year coverage, along with 24X7 roadside assistance. If you avail of such a policy, not only would your vehicle be insured for a longer duration, but you would also save your expenditure towards your motor premium as compared to a single-year policy. Also, third-party motor premium and service tax hikes would not affect such a policy.

Opt for voluntary deductible

Another way of reducing your outgo towards motor premium is by opting for a

higher voluntary deductible component in case of a claim. A deductible is a specified amount that the insured has to bear when s/he files a claim, following which the insurer pays the balance. Opting for a higher deductible earns you a discount in your premium. So, you could opt to contribute towards your claim and pay a lower premium, discounts for which could go up to 20 to 35 per cent subject to the voluntary deductible amount you choose.

For instance, the defined deductible in the motor insurance policy is Rs. 1000/1500. However, if you avail of a higher voluntary deductible say of Rs. 7,500, you would be entitled to 30 per cent discount in your own damage premium. There are different ranges of deductibles depending on factors such as the size of your car as well as the risk exposure. Ideally, if the insured is confident of his/her driving skills, then s/he should opt for a higher deductible.

The author is chief technical officer, motor, Bajaj Allianz General Insurance. The views expressed in this article are his own.