

By Teena Jain Kaushal

YOUR motor insurance premium is determined by four factors- make, model, location and year of manufacturing. Now, there is one more factor to decide premium rates- your driving skills. Bajaj Allianz General has recently launched a value added feature with their motor insurance policy called "Drive Smart". It allows you to save up to 30% based on your driving skills.

Apart from linking premium to driving skills, the device also provides you security based on various parameters such as over-speeding and geo-fence violation. It also helps you in cutting costs on maintenance of your car by giving you a report towards the end of every week. Driving skills are measured on the scale of 1 to 10.

Adarsh Agarwal, Head Actuarial - Vice President at Bajaj Allianz General Insurance, says,

"We have issued about 500 to 600 policies. The policy monitors your driving behaviour and it gives you several benefits beyond premium. It offers savings, safety, security and convenience."

Within two weeks of buying a policy the company delivers you a device. This device has to be placed in the port of your car. Apart from placing the device in your car you also need to install your mobile app "Insurance wallet" on your Android or iOS smartphone. Once you follow the process to synchronize the application with the device, the insurance company will start monitoring you.

It is not the first time that an app has been launched to gather data on driving patterns. In the past, TATA AIG General Insurance also launched 'Drive Safe' app but it was not aligned with auto insurance premium. Liberty Videocon General Insurance also ran a pilot project on telematics. They installed an electronic

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WHAT TO CONSIDER BEFORE BUYING MOTOR INSURANCE BASED ON

DRIVING SKILLS

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Technical Glitch: There is always a chance that the device provided by the insurance company could stop working due to technical glitch or some other reason.

Agarwal says, "If the device is dormant or stops working for some time the insurance company will get in touch with the customer within 24 hours and get it replaced."

Not for all vehicles: Not very old cars can avail the benefits of the feature. The Drive Smart service is available for cars which support OBD II port, primarily present in models manufactured in the year 2010 or later.

Beyond Premium: Apart from premium, it alerts you on over-speeding, geo-fence violation and engine or battery health. It also help you in saving costs on maintenance of your car as well as fuel spent.

Moreover, it has a gaming aspect as it provides you insight on how other drivers in your city score against you. It also gives you an option to request roadside assistance in case of an accident.

The app looks at your driving skills and provides you score. It also gives you suggestions on how to improve your driving style by measuring your driving habits based on braking, speed variation, among other things. It is the first time that discount be passed on to drivers with good driving skills.

device in several cars to understand driving habits of the car driver.

The most important part of such features is that it helps the insurance company to profile the people. Experts say in the next 5 to 10 years, it will enable companies to better price motor insurance premium. Rahul Aggarwal, chief executive officer of Optima Insurance Brokers, says

"The company collects valuable data on your driving pat-

tern through these devices. More than you, it will benefit the company say 10 years down the line when motor insurance premium will start increasing." He adds, currently, motor insurance premiums are very low and it is very common to get hefty discounts on your motor insurance policy.

If you plan to buy a usage-based feature with your motor insurance policy here are a few things you should keep in mind before going for one.

PRIVACY Concerns: You will be tracked by the insurance company as you need to switch on GPS for using the device.

There is an option of switching off location but it might affect your score. Agarwal says, "There might be few people who do not want to share data with an insurance company. But almost all apps these days ask your permission for sharing

data. So these days it is not such a big concern among smart phone users."

Driving Skills: It suits people who do not travel very frequently. If your office and house is close by the feature can be used effectively to earn discounts. Similarly, you can use the device to keep a track on driving skills of your driver.

People who travel a lot may not find this feature very attractive. S K Sethi, director, Ria Insurance Broker, says "They

are very good for people who drive less as they can earn discounts based on good driving skills."

Then there is another issue. What if somebody else in policyholder's family is driving the car. The company website states that in this "you can ask your family members to download our application and login through your credentials."

Once they start driving, they will start getting alerts and other information on their