

# Ten things To Look For in Motor Insurance Policy

There are people who give their car a nick name, call it their most "prized" possession, adorn it with accessories and keep it spick and span. As vehicle owners, most of us are guilty of doing this, aren't we? But as much as we take care of our cars, do we also invest time in securing it with a good insurance cover?

India is one of the countries that tops the charts when it comes to road accidents. Since our cars can cause considerable damage to property and cause significant human injury in the event of a mishap, it is required by law to insure it for third party liability. But this third party cover wouldn't pay for the damages caused to our vehicle in case of a mishap. For this we need to avail an 'own-damages cover' that pays us up for the loss suffered in terms of repair costs.

Now that we know that a motor insurance policy is important for the financial well-being of our car and any damages that it may lead us into, how do we go about selecting the right insurance policy? The below 10 point comprehensive checklist will help us become a pro at choosing the right coverage for our cars:

**1. IDV** – The insured declared value (IDV) refers to the current market value of the car. It is the maximum amount we can claim in case of the theft or total loss of the vehicle. IDV is arrived at by deducting the depreciation of the vehicle from the manufacturer's listed selling price. In case the car is not brand new, then it will have undergone depreciation. The insurance company uses a depreciation chart to arrive

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at its current IDV. In case of cars that are more than 5 years old the IDV is mutually agreed upon by the insurer and the insured, after considering the condition of the vehicle.

**2. Coverage**– This has two parts. A mandatory Third party cover, which protects us against any liability to third party in the wake of a loss. For example when an accident results in a loss of life, the court orders a compensation which may run into crores, from the owner of the car to the deceased's family. The third party section of the insurance policy takes care of this. The second, and optional "Own Damage" part of the car insurance on the other hand takes care of the financial losses we have to bear in case an accident, theft, fire, explosion, riots, strikes or act of terrorism and natural calamities that leaves our cars damaged.

**3. Add-Ons**– This is like asking for extra cheese, upon paying some extra money. These add-on covers provide us with added benefits. Like an engine protector add on provides for

claims in case of engine damage due to water ingress, a Zero Dep ensures that depreciation isn't applied to claims at least in the first 3-5 years, or a 24\*7 Roadside Assistance which provides emergency roadside assistance services such as towing/ tyre change etc. in case of a mishap. We can pick and choose the add ons that appeal the most to us.

**4. Understanding Exclusions**– It is both our right and duty to understand our motor insurance policy, especially the exclusions i.e. what is covered, and what is outside the scope of the policy. In case we have any doubts, we can seek clarifications with the insurance company/ intermediary before the policy purchase.

**5. Network of the insurer**– It is an important factor to check that whether the insurer of our choice has extensive tie ups with garages and service centres especially in the city of our residence. This comes in handy in case of a claims scenario.

**6. Ease of Claiming**– In order to get you easy and fast

claims settlements, insurers these days are leveraging technology that brings claims settlement to our doorstep through apps. With these facilities, we just have to upload photos and videos of the vehicle damage, and the claims are settled by digital money transfers to our accounts within minutes. Checking if our insurer offers these facilities saves us a lot of time in a claims like scenario.

**7. Brand Value of Policy**– Like we place faith and trust in the brand of our car, similar trust we should have in the policy that protects it. A good brand will ensure value for money by ensuring a great coverage, timely support and easy claims assistance. Hence instead of going for the cheapest policy, we must check if the brand issuing our motor policy is a trusted insurance company, has a good claims paying ability with a grievance ratio.

**8. Deductible**– With this provision in a motor insurance policy, we agree that at the time of claim, we will bear a certain claim amount up to a pre-agreed limit from our own pocket. As is customary there is a compulsory deductible of Rs. 1000/- on cars of cubic capacity (CC) of 1500 or below, or Rs. 2000/- for cars with a higher CC. There is also an option to voluntarily choose higher deductibles, and doing so will cause lowering of the policy price. We should however only choose the amount that we are comfortable shredding out in



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case of a claim.

**9. Ease of Renewing**– Since motor insurance is an annual contract, it is crucial to ensure that the vehicle remains insured at all times. These days, renewing is convenient and we can do it through the insurer's website or mobile app, agents, dealers or bank partners of insurers. We must check how proactive is the chosen insurer when it comes to renewing the policy.

**10. NCB**– Timely renewals help us to keep our No Claim Bonus (NCB) intact. NCB is a discount, given by an insurer to a policyholder for making no claims during the policy term. It can be accumulated over years and the discount ranges from 20% to 50% on the own damage premium as per the number of claim free years. In case we are purchasing a new car, this NCB can also be transferred from our old car to our new car's premium. So if we plan to sell our old car after 5 claim free years, and replace it with a new car, we automatically get a discount of 50% on OD premium by merely transferring the NCB.