

[Renewing your motor insurance policy? Here are five key points to consider](#)

If your motor insurance policy has been ported to a new insurer, benefits such as no claim bonus earned in the current insurance policy get carried forward

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Most general insurance policies are time-bound contracts that usually require annual renewals. During renewals, you can also review your contract and accordingly upgrade and improve your cover to ensure that you are thoroughly protected. Let's have a look at a few points that you must keep in mind while renewing your motor insurance policy.

Insured's Declared Value (IDV): Insured declared value is the most important element in your motor insurance policy that directly affects the premium. Now, IDV is the sum insured or the maximum value which you will get from your insurer in case of total loss or if your vehicle is stolen. During renewal, you might be allured by the prospect of paying a lower premium offered by another insurer. However, more often than not, this lower premium comes at the cost of reduced IDV. You must not compromise your IDV for a lower premium, as it will leave you under-insured and will impact your claims later, leaving you exposed during the time of need.

The IDV is usually fixed based on the manufacturer's listed selling price of the particular model of the vehicle at the commencement of the policy or at the time of renewal of the vehicle. For vehicles above five years, an assessment can be done by the insurer on the vehicle's condition, further to which a mutually agreed IDV is arrived at by the Insurer and policyholder.

No claim bonus (NCB): You are eligible for a no claim bonus if you haven't filed any claim in the preceding policy period. For each claim-free year, your insurer rewards you with an NCB which goes maximum of up to 50 percent for 5 consecutive claim-free years. An NCB discount can considerably reduce your Own Damage (OD) premium hence it is recommended you opt for NCB during the claim-free years. It is important to remember that the NCB discount applies only to OD premium and not the entire premium which constitutes both the premiums, OD and TP. Let me explain this with a simple example. Suppose the entire premium comes to Rs 1,000 and say 20 percent of this is TP premium which is Rs 200, which means your OD premium is Rs 800. As per this illustration, the NCB discount will apply only to the OD premium of Rs 800. Many customers are not aware of this bifurcation and may feel that the NCB discount has been incorrectly computed.

Add-On features - Apart from the standard cover, motor insurance offers many useful add-ons which help in building a complete protection plan for your vehicle. You can get wider coverage for your vehicle in exchange for an affordable amount. Few add-ons like engine protection cover, zero depreciation cover, no claim bonus protection cover, return to invoice cover can add value and bolster your motor insurance by many folds. For example, if you are residing in a region that is prone to floods, then it is recommended to undertake the engine protector add-on feature. However, few add-on covers are granted basis the age of the vehicle and may not be available for your older vehicles.

One such is the Zero Depreciation or Depreciation Shield add-on cover where the insurer pays the cost of the vehicle part at market price without considering the depreciation at the time of claim. Depreciation increases with age of the vehicle; hence, depreciation cover of up to five years of vehicle age should be opted for to reduce cost of out-of-pocket expenses. When you consider renewing your motor insurance, you must ask your insurer about some essential add-on covers such as 24x7 roadside assistance, lock and key replacement cover, accidental shield, and conveyance benefits.

Voluntary deductible: While you are renewing your motor insurance policy, you can also consider opting for the voluntary deductible feature. Voluntary deductible is when the insured volunteers to pay a certain amount at the time of the claim. The claim amount over the voluntary deductible is then paid by the insurer. Customers with selective vehicle usage or with vehicle age over 5 years, typically opt for voluntary deductible since it also reduces the overall premium of the motor insurance policy.

Portability: When your motor insurance renewal is due, you can also port your policy with a different insurer which means moving from one insurer to another. Portability can be opted for when the insured is looking for a policy with better service, better claim settlement capability, lower premium, better coverage, or add-on covers. Once your motor insurance policy has been ported to a new insurer, benefits such as no claim bonus earned in the current insurance policy get carried forward to the renewed claim free policy.

In motor insurance, you must renew your policy in a timely manner, or you may be at a risk of losing your acquired NCB bonus; since the NCB bonus helps to bring down the premium, losing the bonus will increase the cost. Timely renewal will ensure that you get to enjoy the

benefits of motor insurance at reduced premiums. Most insurance companies now have apps that help you with your entire policy management and also inform you when your renewal is due. In a matter of a few clicks, you can renew your motor policy, use the benefits acquired, add more covers for multiple benefits and enjoy your drive with peace of mind!