

[Will Bengaluru floods affect motor insurance premium rates?](#)



With Bengaluru returning to normalcy after suffering from heavy floods, insurers have started assessing the damage left behind by the torrential downpour. Experts say the rise in claim intimations should not increase the motor insurance premium rates as insurers take into account such eventualities while arriving at their pricing calculations.

“Insurers always accommodate the probability of floods and other natural calamities in their pricing models. This year in particular has been an outlier in terms of incidents of floods and other such natural incidents as rains have been heavy and concentrated in certain regions. Similar outlier incidents have also happened in the past, and all insurers take this into account while arriving at their pricing calculations,” says Ashwini Dubey, Head - Motor Insurance Renewals, Policybazaar.com.

Dubey adds, “Insurance premiums and loss are generally measured over a longer term and any change in pricing or product construct would probably happen to take the long-term impact into account.”

Experts also suggest dealing with the situation patiently as there is going to be a long queue in workshops. Raghavendra Rao, Chief Distribution Officer, Future Generali India Insurance adds, “In an event of this magnitude there are quite a few challenges that are faced by the insurers, service providers (motor garages, towing services etc.) and the customers. Customers may need to deal with it patiently since there will be a large queue in workshops. Loss is assessed by the surveyors depending on each case. Since we are still waiting for customers to report losses it may be too early to indicate the losses.”

“Once we receive the claim intimations from customers, our surveyor will inspect the vehicle to evaluate the loss. The loss assessment will depend upon the damages to the parts of the vehicle submerged in the flood,” adds T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

The calamity has made people aware of the add-on covers that offer an extra layer of protection to policyholders. “With respect to customers, we see a lot of customers enquiring about add-ons such as Zero Depreciation, Engine Protector cover and other coverages in case of loss. In our book, we have also seen an increase in customers opting for the Engine Protector add-on (which helps in case of water damage to the engine) over the last two months,” adds Dubey.