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NEW MOTOR VEHICLES ACT

Hefty fines send vehicle owners scurrying for insurance cover

MC VAIJAYANTHI @Mumbai

IT may still be early days to say if the amended Motor Vehicles Act and the hefty fines are going to discipline drivers and vehicle owners to comply with mandatory insurance. Apart from the shock caused by the news of hefty fines across pockets where the amended penalty rates have come into force, it has also led to spike in purchase of vehicle insurance.

The first 10 days show there has been a sharp upsurge in two-wheeler and personal vehicle owners seeking insurance. Insurance firms said there

have been two to four times increase in insurance sought in the first two weeks of the new rules. "We are seeing a spike where the implementation (of the new rules) has happened already, that is, where the customer awareness has gone up. Lots of people are queuing up for PUC to get their insurance policies done," said Gurneesh Khurana, president and country head (motor business), Bajaj Allianz General Insurance.



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Industry estimates show that almost 70 per cent of the two-wheelers on Indian roads do not have insurance cover. And last year, new vehicle buyers were in for a shock when the Supreme Court made it compulsory to buy upfront five-year third-party cover for two-wheelers. While those who bought vehicles after September 2018 can breathe easy since they have a longer cover, others are now forced to buy or renew

their third-party insurance.

Insurance companies have also used the opportunity to create awareness and sell policies. Buying insurance for a two-wheeler would cost ₹1,500, whereas the first fine itself for not having cover would invite a fine of ₹2,000, which has been doubled from ₹1,000 earlier.

"Overall, it is helping. Better implementation will see more compliance as we go forward," said Sanjay Datta, chief of underwriting, reinsurance & claims, ICICI Lombard General Insurance. The regulator had also last year unbundled the damage cover for vehicle and

third-party cover, and for new vehicle owners with a three-year third-party cover, it is easier for insurers to send reminders on renewals for the other.

"We are seeing a significant surge on the platform for two-wheeler insurance. On an average across cities, our increase in policy issuance has gone up by four times," said Dharendra Mahyavanshi, co-founder Turlemin. He said week on week, now there has been an uptick in policy sales. Most vehicles after the second and third year were running on lapsed insurance and with the fines, the issue has gained some sensitivity.