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Irdai raises minimum driver insurance cover to ₹15 lakh

FE BUREAU

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INSURANCE REGULATORY AND Authority of India (Irdai) in its circular has asked insurers to enhance capital sum insured in compulsory personal accident cover for owner-driver under motor insurance policies to ₹15 lakh.

Currently, the mandatory cover is capped at ₹1 lakh for two-wheelers and ₹2 lakh for private or commercial cars, respectively. The premiums for ₹15-lakh cover have been fixed at ₹750 per annum.

Stakeholders in the industry say even as premium rates go up, coverage will also increase, and it's a very welcome move for the policyholders. Earlier, the premiums were ₹50 for two-wheelers and ₹100 for cars.

Speaking on the new circular from Irdai, Tapan Singhel, managing director & chief executive officer, Bajaj Allianz General Insurance, said, "This move of enhancing the Capital Sum Insured (CSI) of Compulsory Personal Accident (CPA) cover to ₹15 lakh is a step in the right direction. I strongly believe that it's vital to have an appropriate personal accident cover since it provides the much-needed financial support to the policyholder and their family members if s/he is disabled or succumbs to an injury due to an accident. We, as a company, support and welcome this move."

The regulator also said a higher CSI may be provided over and above ₹15 lakh through optional covers under liability only and under Section III of package policies/bundled covers on the payment of additional premium at the option of the insured. Policyholders who buy a new vehicle would get higher cover, but their premiums will also go up. The new third party long-term policy for two-wheelers is for five years whereas for four-wheelers, it is three years.