

# Expect better motor insurance cover

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**MUMBAI:** The Insurance Regulatory and Development Authority of India (Irdai) has made way for standalone own damage motor insurance covers for vehicles. In a circular issued on Friday, the insurance regulator said effective September 1, 2019, issuance of bundled own-damage policies for cars and two-wheelers will no longer be compulsory.

“Earlier, it was compulsory for you to buy your own damage cover bundled along with your third-party cover from the same insurer,” said Sajja Praveen Chowdary, head-motor insurance, Policybazaar.com. Standalone own damage cover essentially means you will now be able to renew your ongoing own damage cover or purchase a new one from a different insurer and the renewal or purchase need not be compulsorily bundled with your third-party cover from the same insurer.

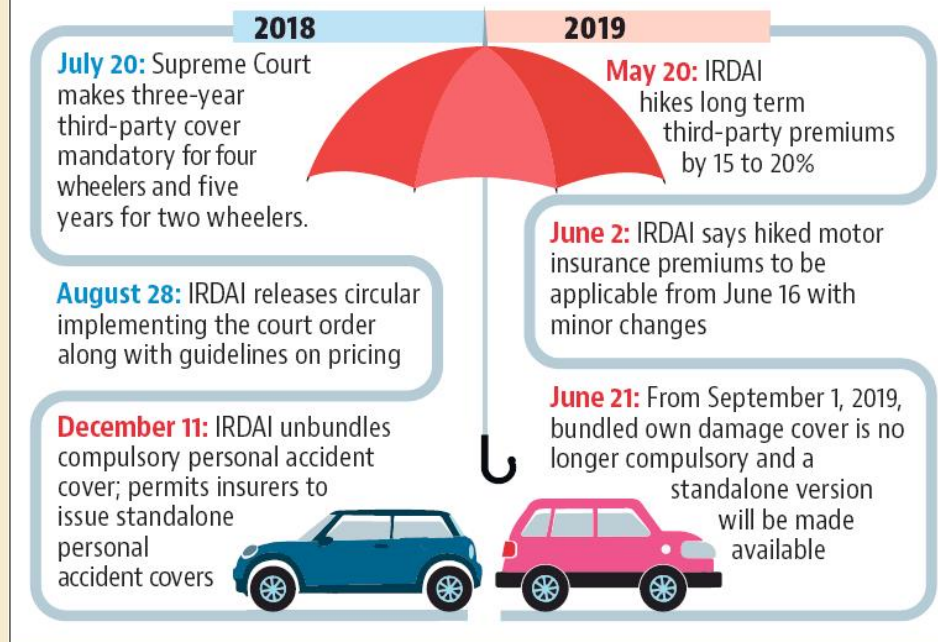
“The regulator has made it mandatory to ensure that no vehicle should be insured only for own damage cover,” said Onkar Kothari, company secretary and compliance officer, Bajaj Allianz General Insurance. It means that the insurers can issue standalone own damage annual cover to you only if you have a motor third-party cover. Not just the standalone cover but if you had opted for older bundled covers that were introduced last year, your own damage component will only be renewed if the third-party cover is purchased simultaneously.

Consequently, when you go for a renewal or a new own damage cover, mentioning the full details of the third-party cover becomes compulsory.

“The circular has basically rectified the gap present in last year’s circular that did not provide for the renewal guidelines,” said Tushar Dhimar, national underwriting manager-retail, SBI General Insurance.

## MOTOR INSURANCE POLICY CHANGES

Here are the developments that have made changes to your motor insurance policy in the last one year



### WHY WAS IT NEEDED?

Last year in August, following a verdict from the Supreme Court, the regulator made it mandatory for all customers to purchase a long-term third party insurance cover: three years for four-wheelers and five years for two-wheelers. The own damage cover had to necessarily be bundled with your long term third party cover. You could purchase either single-, three- or five-year policies with your third-party cover.

Last year, some of you may have purchased your own damage cover for three years along with three-year third party cover for your four wheeler. In case of two wheelers you may have purchased your own damage cover for five years. But last year the regulator did allow you to buy your own damage cover on an annual basis along with your long-term third-party cover. “These annual own damage policies are now up for renewal. It would have been inconvenient and unfair for you had it been made compulsory to renew it from

the same insurer,” said Praveen. The reason is a lot of arm-twisting by dealers. “It may be due to lesser awareness but in most cases you end up buying your insurance cover from your dealer itself who has a tie up with a said insurer,” he said. This purchase involves very little research of other products available in the market. Hence, being asked to renew again from the same insurer would be unfair to you. “Since own damage can be bought separately, insurers will now want to attract more customers and in the process may reduce the premium rates,” said Dhimar. Third-party covers are more standardised while the own damage covers are the ones which actually have the scope for adding more features. “Since you will be doing more research and have the option to choose from the 20 plus insurers available in the market, insurers too will do their due diligence in launching better products,” Vishal Dhawan, founder, Plan Ahead Wealth Advisors.