

Is your insurance company listening to you?



If your complaints have not been addressed by your insurance company, please contact

IRDA Grievance Call Centre

 Toll Free No.: 155255

to register your complaints and track their status or you may email us at complaints@irda.gov.in



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बीमा विनियामक और विकास प्राधिकरण

**INSURANCE REGULATORY AND
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**Handbook on
Motor Insurance**

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1. About this handbook

This handbook is designed by the Insurance Regulatory and Development Authority (IRDA) as a guide on Motor Insurance and gives general information only. No information given herein replaces or overrides the terms and conditions of an insurance policy.

Please approach a duly licensed agent or a broker or an insurance company registered with IRDA for specific information regarding a policy or for any other additional information.

2. Motor Insurance

- **What Motor Insurance is:**

Motor insurance gives protection to the vehicle owner against (I). damages to his/her vehicle and (ii). pays for any Third Party Liability determined as per law against the owner of the vehicle. Third Party Insurance is a statutory requirement. The owner of the vehicle is legally liable for any injury or damage to third party life or property caused by or arising out of the use of the vehicle in a public place. Driving a motor vehicle without insurance in a public place is a punishable offence in terms of the Motor Vehicles Act, 1988.

- **Types of Motor Insurance cover:**

Broadly there are two types of insurances policies that offer motor insurance cover:

- a. Liability Only Policy (Statutory requirement)
- b. Package Policy (Liability Only Policy + Damage to owner's Vehicle usually called O.D Cover)

Remember that if you take only a Liability Only Policy, damage to your vehicle will not be covered. Hence, it would be prudent to take a Package Policy

which would give a wider cover, including cover for your vehicle.

- **What Motor Insurance covers:**

The damages to the vehicle due to the following perils are usually covered under OD section of the Motor Insurance policy:

- a. Fire, Explosion, Self- Ignition, Lightning
- b. Burglary/Housebreaking/Theft
- c. Riot & Strike
- d. Earthquake
- e. Flood, Storm, Cyclone, Hurricane, tempest, inundation, hailstorm, frost
- f. Accidental external means
- g. Malicious Act
- h. Terrorism acts
- i. While in Transit by Rail/ Road, Inland waterways, Lift, Elevator or Air
- j. Landslide/Rock slide

- **What Motor Insurance excludes:**

The following contingencies are usually excluded under the Motor Insurance Policy:

- Not having a valid Driving License
- Under Influence of intoxicating liquor/drugs
- Accident taking place beyond Geographical limits
- While Vehicle is used for unlawful purposes
- Electrical/Mechanical Breakdowns.

- **Basis of Sum Insured:**

For Own Damage:

The Sum Insured under a Motor Insurance policy reflects the value of the motor vehicle determined based on the concept known as Insured's Declared Value. Insured's Declared Value is the value arrived at based on the Manufacturer's present value and depreciation based on the Age of the Vehicle.

For Third Party:

Coverage is as per requirements of the Motor Vehicles Act, 1988 . Compulsory Personal accident cover for owner-driver is also included. Policy can also be extended to cover various other risks like Personal Accident to occupants of vehicle, Workmen's Compensation to Driver, etc over and above the cover available to him under statute.

3. FAQs on Motor Insurance

Q. What Motor Insurance cover should I buy? Should I buy Comprehensive Insurance or Liability only Policy?

Ans. Third Party Liability insurance is mandatory for all vehicles plying on public roads in India. This covers Liability for injuries and damages to others that you are responsible for. In addition, it is prudent to cover loss or damages to the vehicle itself by way of Comprehensive/Package policy, which covers both "Liability" as well as "Own damage" to Insured vehicle. Liability Only cover is also known as Act Only cover.

Q. How is the premium determined?

Ans. Many factors determine the premium you will pay. For Own Damage cover different insurance companies charge different premiums for similar coverage. Shop around; getting three or more comparison quotes is worthwhile. Check various insurers's websites; it will help you compare premiums. Do not forget to compare deductibles, coverage and IDV's as premium may be lesser of one insurer but with higher deductibles, lower coverage and lower IDV, which will adversely impact you in the event of claim settlement.

Be prepared to give your agent information about the following items that are commonly used to determine your premium: Vehicle registration details with Engine No., Chasis no., Class of vehicle, cubic capacity, seating capacity, etc. (In fact, all relevant details are in the RC book/card and a copy of same may be handed over) Tax paid details; Certificate of fitness, Driver details - age, gender, qualifications, licence validity Previous insurance history, if any.

The Own Damage coverage is left to be rated by individual insurance companies after duly filing rates with the Insurance Regulatory and Development Authority. The same is determined on following factors amongst others -- Age of vehicle; Discounts / loadings- Appropriate Bonus / loading/ discounts along with past claims experience are taken into account while calculating premium. IDV (Insured Declared Value).

Third Party Liability Premium rates are laid down by IRDA.

In case of break in insurance, vehicle inspection would be required and extra charges will have to be incurred for the same.

Q. What coverage limits meet my needs?

Ans. For Own Damage, the Sum Insured for the vehicle is called “Insured Declared Value” and should reflect the current market value of the vehicle. For Third Party Liability cover, there is unlimited coverage to Third parties injuries, however, Third party property damages are covered up to a sum of Rs.750,000. Insured has option to restrict coverage for Third Party Property damage to Rs.6,000 whereby there will be reduction in “Liability Only” premium.

Q. What is the period of the policy?

Ans. The policy is usually valid for a period of one year and has to be renewed before the due date. Pay the premium on time. No Insurer offers a grace period for paying the premium – the due date is the due date. In case of lapse of policy by even one day, the vehicle has to be inspected. Moreover, if a comprehensive policy is allowed to lapse for more than 90 days, the accrued benefit of NCB (No Claim Bonus) is also lost.

Q. What is "No Claim Bonus"?

Ans. No Claim Bonus (NCB) is the benefit accrued to an insured for NIL claims during the previous policy period. As per current norms prevalent, it ranges from 20% on the Own Damage premium (and not on Liability premium) and progressively

increases to a maximum of 50% based on successive claim free years. If, however, a claim is lodged, the No claim Bonus is lost in the subsequent policy period. NCB is given to insured and not to the insured vehicle. Hence, on transfer of the vehicle, the insurance policy can be transferred to new owner but not the NCB. The new owner has to pay the difference on account of NCB for the balance policy period. The original owner can, however, use the NCB on a new vehicle purchased by him provided he has not transferred the insurance to the buyer of old car. Insurance Co has to be intimated immediately (in any case not later than the time limit prescribed) about sale of his old vehicle and his intention to retain the insurance. Original certificate of Insurance is to be surrendered to Insurance Co. within 3 years period, as and when the Insured buys a new car, it will be substituted in the old insurance policy till its validity period. Pro-rata difference of premium on account of increase in IDV of new vehicle is to be paid.

Q. Will my No Claim Bonus get migrated if I want to change my insurance company?

Ans. Yes, you can avail of the NCB facility if you change the insurer on renewal. You would have to produce proof of the NCB earned by way of

renewal notice from the current insurer. If the same cannot be produced, you may produce your original expiring policy along with a certification that no claim has been lodged by yourself on the expiring policy. Hence, evidence can be in form of a renewal notice or a letter confirming the NCB entitlement from the previous insurer.

Q. Are there discounts that will lower my premium?

Ans. In addition to NCB, there are additional discounts available under **Own Damage Premium** for membership of Automobile Association of India, Vintage Cars (Pvt. Cars certified by the Vintage and Classic Car Club of India); Installation of anti-theft devices approved by Automobile Research Association of India (ARAI), Pune and whose installation is approved by AAI; Concessions for specially designed/modified vehicles for the Blind, Handicapped and mentally challenged persons, which are suitably endorsed in the RC by the RTA concerned; - opting for voluntary additional deductible/excess.

Under “**Liability Only Section**”, discounts are available for reduction in Third Party Property Damage

(TPPD) from Rs. 750,000 to Rs. 6,000.

Q. Is Service Tax is applicable and how much is it?

Ans. Yes , Service Tax is applicable and would be as per prevailing rule of law.

Q. What is deductible?

Ans. Deductible or “excess” is the amount over and above, which the claim will be payable. There is a normal standard/compulsory excess for most vehicles ranging from Rs. 50 for two-wheelers to Rs. 500 for Pvt. Cars and Commercial vehicles which increases depending upon the cubic capacity/carrying capacity of the vehicle. However, in some cases the insurer may impose additional excess depending upon the age of the vehicle or if there is high frequency of claims.

Q. What is the procedure for recording any changes in the policy?

Ans. If there are any changes in the policy, it will be done by an Endorsement by the insurance office. Submit a letter to the insurer with proof for the changes and obtain the Endorsement. Check the correctness of the Endorsement.

Q. If I am using the car in a particular city, what premium rate is applied?

Ans. For the purpose of applying premium rate, the

place where the vehicle is registered is reckoned (Not the place where the vehicle is used). If your vehicle is registered in Chennai rate applicable for Zone A is charged. Even when you shift to a different city / town, the same rate will continue to be applied. Similarly if a vehicle is registered in a town, it attracts Zone B premium rate. Subsequently if the owner shifts to a metro, he will continue to be charged Zone B rate.

Q. What is a Certificate of Insurance under Motor Vehicle Act?

Ans. As per Rule 141 of Central Motor Vehicle Rules 1989, a certificate of Insurance is to be issued only in Form 51. It is only in Motor Vehicle Insurance, apart from policy, a separate certificate of insurance is required to be issued by Insurers as per law. This document should always be carried in the vehicle. Policy should be preserved separately at home / office.

Q. If I fit CNG or LPG kit to my vehicle, is it necessary to inform the Insurance Company?

Ans. If CNG / LPG kit is fitted to the vehicle, RTA where the vehicle was registered should be informed to note the change in the registration certificate (RC). The Insurance Company should also be informed to have the kit covered

on payment of extra premium on the value of the kit under “OD” section and also under “TP” section.

Q. What are the documents to be kept in the vehicle while plying in public places?

Ans.

- Certificate of Insurance
- Xerox copy of Registration Certificate
- Pollution under control Certificate
- Copy of DL of person who drives the vehicle

Q. Can I transfer my insurance to the purchaser of my vehicle?

Ans. Yes, the insurance can be transferred to the buyer of the vehicle, provided the seller informs in writing of such transfer to the insurance company. A fresh proposal form needs to be filled in. There is a nominal fee charged for transfer of insurance along with pro-rata recovery of NCB from the date of transfer till policy expiry. It may be noted that transfer of ownership in comprehensive/package policies has to be recorded within 14 days from date of transfer failing which no claim will be payable for own damages to the vehicle.

Q. Can I continue the insurance in the name of the previous owner even after the vehicle is

transferred in RTO records in my name?

Ans. No. Registration and insurance of the vehicle should always be in the same name with same address. **Otherwise the claim is not payable.** A fresh proposal form needs to be filled in. There is a nominal fee charged for transfer of insurance.

Q. I have lost the insurance policy. Can I get a duplicate one?

Ans. Yes, please approach the same office, which had issued the policy, with a written request. A nominal fee is charged for issuing duplicate policy copy.

Q. What are the documents that are required to be submitted for a Motor Insurance claim?

Ans. Generally, the following documents are required to be submitted. However, read through your policy to see the complete list—duly filled in claim form, RC copy of the vehicle, Original estimate of loss, Original repair invoice and payment receipt. In case cashless facility is availed, only repair invoice would need to be submitted and FIR, if required. For theft claims, the keys are to be submitted. Theft claims would also require non-traceable certificate to be submitted.

Policyholder Servicing Turnaround Times as prescribed by IRDA

Service	Maximum Turn Around Time
General	
Processing of Proposal and Communication of decisions including requirements/issue of Policy /Cancellations	15 days
Obtaining copy of the proposal	30 days
Post Policy issue service requests concerning mistakes/refund of proposal deposit and also Non-Claim related service requests	10 days
Life Insurance	
Surrender value/annuity/pension processing	10 days
Maturity claim/Survival benefit/penal interest not paid	15 days
Raising claim requirements after lodging the Claim	15 days
Death claim settlement without Investigation requirement	30 days
Death claim settlement/repudiation with Investigation requirement	6 months
General Insurance	
Survey report submission	30 days
Insurer seeking addendum report	15 days
Settlement/rejection of Claim after receiving first/addendum survey report	30 days
Grievances	
Acknowledge a grievance	3 days
Resolve a grievance	15 days

5. If you have a grievance:

The Consumer Affairs Department of the Insurance Regulatory and Development Authority (IRDA) has introduced the Integrated Grievance Management System (IGMS) which is an online system for registration and tracking of grievances. You must register your grievance first with the insurance company and in case you are not satisfied with its disposal by the company, you may escalate it to IRDA through IGMS by accessing www.igms.irda.gov.in. In case you are not able to access the insurer's grievance system directly, IGMS also provides you a gateway to register your grievance with the insurer.

Apart from registering your grievance through IGMS (i.e., web), you have several channels for grievance registration-through e-mail (complaints@irda.gov.in), through letter (address your letter to Consumer Affairs Department, Insurance Regulatory and Development Authority, 3rd Floor, Parishram Bhavan, Basheerbagh, Hyderabad:4) or simply call IRDA Call Centre at **Toll Free 155255** through which IRDA shall, free of cost, register your complaints against insurance companies as well as help track its status. The Call Centre assists by filling up the complaints form on the basis of the call. Wherever required, it will facilitate in filing of complaints directly with the insurance

companies as the first port of call by giving information relating to the address, telephone number, website details, contact number, e-mail id etc of the insurance company. IRDA Call Centre offers a true alternative channel for prospects and policyholders, with comprehensive tele-functionalities, serving as a 12 hours x 6 days service platform from 8 AM to 8 PM, Monday to Saturday in Hindi, English and various Indian languages.

When a complaint is registered with IRDA, it facilitates resolution by taking it up with the insurance company. The company is given 15 days time to resolve the complaint. If required, IRDA carries out investigations and enquiries. Further, wherever applicable, IRDA advises the complainant to approach the Insurance Ombudsman in terms of the Redressal of Public Grievances Rules, 1998.

Disclaimer:

This handbook is intended to provide you general information only and is not exhaustive. It is an education initiative and does not seek to give you any legal advice.