

USAGE-BASED PREMIUMS TO BECOME A REALITY

Soon, You'll Get to Buy One Policy for Many Cars

Customers can optimise the sum insured as they won't be driving two vehicles at the same time

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Mumbai: Usage-based premiums will soon become a reality in the motor insurance industry, with companies offering the single owner of multiple vehicles the option to allocate coverage in line with the anticipated use of each car. So, for the first time, customers will have the option to buy a single policy for multiple vehicles, with different sub-limits for each car.

ICICI Lombard is launching the "floater" policy option that will allow customers to optimise their sum insured, since they will not be driving two vehicles at the same time. ICICI Lombard's 'single owner, multiple vehicle' floater is an app-based interface that will help link multiple vehicles together and offer coverage. This "floater" concept is currently available in health policies for families to buy a single sum insured for members covered.

"Three-four cars can be brought under one floater policy, which means that three cars will be covered through one policy," said Sanjay Datta, head of underwriting at ICICI Lombard General Insurance. "We will develop the prototype and will evaluate it after six months." A prototype is valid for six months and companies can launch it if it works after this period. Insurers are launching usage-based motor insurance where the customer will have the option to pay their premiums on the basis of their driving choices.

Today, most insurers charge customers' own-damage premium basis the vehicle make, model, age, location and the no-claim bonus applicable on the policy. The new programme will also factor in driving behaviour — rash accelerations, hard braking, speed, distance traveled, or the time of the day — to compute premiums. An app will be used to

monitor driving behaviour and reward the customer for safe driving practices. Based on their driving behaviour, customers will be able to see their scores, which will start reflecting in their own damage premium at renewal. Customers will be able to opt for this programme for a period of less than a year.

"The 'pay as you consume' mod-

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will help us charge premiums based on kilometres utilised by the insured, or the amount of time they intend to drive the car," said Tapan Singhel, CEO, Bajaj Allianz General Insurance.

"This will encourage more people to opt for Motor OD insurance since a majority of the vehicles only have Third Party Liability policy as mandated by law."