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How to maximise motor insurance benefits with minimal premium

Customising the policy to your specific usage and needs helps

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Did you know that you can tailor the motor insurance cover for any damage caused to your own car to your specific profile and needs and thereby save some money on the premium you pay for it? The premium cost for your vehicle is determined by many factors like the Insured declared value, age of the vehicle, add-ons opted for, past claim history and more.

Here are some ways in which you can access complete protection at a minimal premium, making for its optimal utilisation.

Appropriate insured declared value (IDV)

Insured declared value (IDV) is the sum insured or the maximum amount the insurance company will pay in case of total loss or theft of the vehicle. It is determined based on a chart provided by the motor tariff based on the age of the vehicle and the vehicle's current market value (considering factors such as make, model, age, and depreciation). Setting an appropriate IDV is crucial as it directly impacts the premium amount. Setting an unnecessarily higher IDV will result in a higher premium. Conversely, a lower IDV may lead to inadequate compensation in case of a claim.

It is recommended to consult with your insurance provider or an insurance advisor to determine the appropriate IDV for your vehicle.

Pay as you consume (PAYC)

Pay as you consume (PAYC) is a type of car insurance where you pay based on how much you actually drive. It's an add-on offered by some insurance companies. With PAYC insurance, your premium depends on the number of kilometres you drive. This can save you money if you don't drive a lot or do only short distances. For example, if you mostly use your car for commuting and running errands near your home, PAYC insurance could be cheaper than a regular comprehensive policy that covers unlimited distance and has a higher premium.

This pay-per-use model means you only pay for the coverage you need based on your driving habits. Let's say you take a 10,000 km cover for a year and pay the

premium. If you need to drive more, you can add extra kilometres (like 2,500 km) by paying an additional premium. Some companies provide the facility where if you don't use all your kilometres in the policy year, the unused ones can be carried over to the next year, further reducing your premium and if you exhaust the km, they give grace km too.

Refurbished parts add-on

There's a cover called "refurbished parts" add-on. With this add-on, if your vehicle needs a replacement part due to an accident, a refurbished part will be installed instead of a brand-new one. This option is suitable for vehicles that are at least 5 years old. Refurbished parts are less expensive than new parts, which can significantly reduce your insurance premium. This add-on is an effective and cheaper option for repairing older vehicles. Also, this will go a long way in reducing your carbon footprint. Another significant benefit is the waiver of the compulsory deductible, a feature not commonly found in other motor policies in the insurance market. Additionally, there is no depreciation charged on replaced parts. The service provider offers car pickup and drop-off facilities, and the repairer provides a 12-month or 12,000 kilometres (whichever is earliest) warranty on repairs.

Named driver add-on

This add-on allows insurance companies to know the drivers of your vehicle. It helps insurers reduce the risk associated with unknown drivers. In a traditional insurance policy, any driver of the insured vehicle is covered in case of an accident. By opting for this add-on, only the named drivers under the policy are covered in case of an accident. As the risk is lower for the insurer, they offer a reduced premium for the vehicle. If only a few selected individuals drive your vehicle, it is recommended to take this add-on to benefit from a lower premium.

Bundled add-on option

Add-ons are essential to enhance your vehicle's coverage beyond the basic policy. It is advisable to opt for bundled add-on options, which combine multiple add-ons. This option provides extensive coverage



under a single umbrella. By selecting multiple add-ons simultaneously, you can benefit from discounts, making it more cost-effective than purchasing add-ons individually. Some companies offer all-inclusive add-on covers like VPay, where all possible add-on covers are included by default. These comprehensive packages also include battery protection for EV and hybrid vehicles.

Avoid small claims

When you file a claim with the insurer, the loss is assessed and compensated accordingly. However, this record is maintained by the insurance company and also logged with the Insurance Information Bureau (IIB), a data repository portal, which creates a risk profile rating similar to a CIBIL score.

Filing even a small claim means you forfeit your 'no claim bonus'. Also, in case you decide to switch your motor insurance policy to another insurer, they will review your past loss records on the IIB portal. This information is considered when determining your premium. Therefore, it is advisable to avoid filing minor claims to preserve your 'no claim bonus' and maintain a favourable insurance claims history, ultimately helping you secure lower premiums.

Multiple vehicle insurance

If you're someone with multiple vehicles at home, consider taking insurance for all your vehicles simultaneously. This can help you secure a discount, as insuring multiple vehicles simultaneously is administratively cost-effective for both you and the insurance company. As a result, you may receive further discounts on your vehicle insurance.

In conclusion, leveraging the above-mentioned hacks is a powerful strategy to reduce your premium amount. Remember to discuss any additional coverage needs with your insurance advisor to tailor your policy to your unique requirements fully.

(The author is Head-Motor Distribution, Bajaj Allianz General Insurance)