

# Auto Insurance

What you need  
and  
Why you need it.



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**Motor Constitutes  
40% of Total  
Premium**

# LEGISLATIVE ENVIRONMENT

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- The Insurance act
- The Motor Vehicle Act
- The India Motor Tariff

## THIRD PARTY ACT LIABILITIES

Policy of insurance must be a policy which insures the person or classes of persons specified in the policy against-

- I. Any liability incurred by the insured in respect of death or bodily injury to **ANY** person including owner of the goods or his authorized representative carried in the vehicle
- II. Liability incurred in respect of damage to any property of a third party
- III. Liability incurred in respect of death or bodily injury of any passenger of a public service vehicle.

# THIRD PARTY ACT LIABILITIES

## (contd..)

- IV. Liability arising under Workmen's Compensation Act, 1923 in respect of death or bodily injury to:-
- 
- ( a ) Paid driver of the vehicle
  - ( b ) Conductor, or Ticket Examiner (Public Service Vehicles);
  - ( c ) Coolies carried in goods vehicle.
- v. Liability in respect of death or bodily injury of passengers who are carried for hire or reward or by reason of or in pursuance of contract of employment

## **THIRD PARTY ACT LIABILITIES (contd..)**

The policy of insurance should cover the liability incurred in respect of any one accident as follows :-

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- (A) In respect of death or bodily injury to any person: the amount of liability incurred \_\_\_\_\_(unlimited)
- (B) In respect of damage to any property of third party \_\_\_\_\_a limit of Rs. 6000/-

**THIRD PARTY ACT LIABILITY (contd..)**  
**SECTION 140**  
**NO FAULT LIABILITY**

The amount of compensation payable——

(A) Rs. 50,000/- for death

(B) Rs. 25,000/- permanent  
disablement

# INDIA MOTOR TARIFF GENERAL REGULATIONS

- NO INSURANCE OUT OF PURVIEW OF TARIFF
- TWO TYPES OF POLICIES
  - **LIABILITY ONLY**
  - **PACKAGE**
- **LOADING ON RATES UPTO 100% FOLLOWED BY ANOTHER 100% FOR ADVERSE CLAIMS EXPERIENCE / INDIVIDUAL RISK PERCEPTION AS PER INSURER'S ASSESSMENT**
- EXTENSION OF GEOG AREA AT ADDITIONAL PREM. (Bangladesh, Bhutan, Nepal, **Pakistan, Sri Lanka, Maldives**)



# ***Related Issues***

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- **Transfers**

- No claim Bonus

- On OD only
- NCB follows fortunes of original insured
- NCB of institution on vehicle transfer

- **Change of Insurer**

- Vehicle sold And not replaced immediately
- Validity of NCB after policy expiry
- Sunset Clause

# G.R. 3 (A)

## **POLICY FORMS**

For all classes of vehicles, there are 2 types of policies.

### **1. Liability only Policy**

Covering Act Liability plus enhanced third party  
property damage-Rs. 7.5 Lakhs  
P.A. to Owner / Driver

### **2. Package Policy**

- Section I covers own damage
- Section II covers liability as 1 above

# **MOTOR PACKAGE POLICY- PERILS COVERED UNDER SECTION -I “OWN DAMAGE”**

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- I. Fire explosion, self ignition, lightening
- II. Burglary, housebreaking , theft
- III. Riot and strike
- IV. Earthquake (fire and shock damage)
- v. Flood, typhoon, hurricane, storm, tempest, inundation, cyclone, hailstorm, frost

# **PERILS COVERED IN “OWN DAMAGE” (Contd..)**

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***VI. Accidental external means***

VII. Malicious Act /Terrorism

VIII. Whilst in transit by road, rail,  
inland waterway, lift, elevator or  
air

IX. Rockslide / Landslide

# EXCLUSIONS (OWN DAMAGE)

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- A. Consequential loss, depreciation, wear and tear, mechanical or electrical breakdown, failures or breakages:
- B. Damage to tyres and tubes unless the motor car is damaged at the same time when the liability of the insurer is limited to 50% of the cost of replacement:

# EXCLUSIONS

## (OWN DAMAGE) (Contd..)

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- c. Any accidental loss or damage whilst the insured or any person driving with the knowledge and consent of the insured is under the influence of intoxicating liquor & drugs

# **GENERAL EXCEPTIONS**

## **(APPLICABLE TO ALL SECTIONS OF THE POLICY)**

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- 1) Geographical area
- 2) Contractual liability
- 3) Limitations as to use
- 4) Driver's clause
- 5) Consequential loss
- 6) Radio activity contamination
- 7) Nuclear fission etc.
- 8) War invasion etc.

# CLASSIFICATION OF VEHICLES

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1. Private Cars
2. Motor Cycles / Scooters
3. Commercial Vehicles



# COMMERCIAL VEHICLES

Commercial Vehicles are further subdivided into groups.

## A. Goods carrying Vehicles

**A.1** Public Carriers

**A.2** Private Carriers

} Other than 3 wheelers

**A.3** Goods carrying motorized 3 wheelers and Motorized Pedal Cycles (Public Carriers)

**A.4** Goods carrying motorized 3 wheelers and Motorized Pedal Cycles (Private carriers)

## B. Trailers

### C. Passenger Carrying vehicles

- C.1** 4 wheeled & 3 wheeled vehicles not exceeding 6 passengers capacity- Taxies, Autos
- C.2** 4 or more wheelers with passengers exceeding 6 and 3 wheelers exceeding 17 passengers-Buses, Tempos
- C.3** Motorized 3 wheelers carrying between 6 and 17 passengers
- C.4** Motorized 2 wheelers for carrying passengers

D. Miscellaneous vehicle & special  
type of vehicles- Ambulances,  
Bulldozers etc.

E. Motor Trade Road Transit Risks only

} Mostly, MFGs  
& DEALERS

F. Motor Trade Road Risks only

G. Motor Trade Internal Risks only

## EXTENSION OF GEOGRAPHICAL AREA

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The geographical Area of Motor Policies  
extended to include

Bangladesh  
Nepal  
Sri Lanka

Bhutan  
Pakistan  
Maldives

# Schedule of Depreciation for arriving at IDV

<b>Age of the Vehicle</b>	<b>% of Depreciation for fixing IDV</b>
Not exceeding 6 months	5%
Exceeding 6 months but not exceeding 1 year	15%
Exceeding 1 year but not exceeding 2 years	20%
Exceeding 2 years but not exceeding 3 years	30%
Exceeding 3 years but not exceeding 4 years	40%
Exceeding 4 years but not exceeding 5 years	50%

# G.R. 9

## DEPRECIATION ON PARTS

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<b>Rubber parts / Nylon / Plastic Parts / Tyres &amp; Tubes / Batteries / Air Bags</b>	<b>50%</b>
<b>Fibre glass components</b>	<b>30%</b>
<b>Glass Parts</b>	<b>Nil</b>

# **LIMITATIONS OF USE**

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- Use only for social, domestic and pleasure purposes, other than
  - ✱ **Hire or reward**
  - ✱ **Carriage of goods (other than samples or personal luggage)**
  - ✱ **Organized racing**

# **LIMITATIONS OF USE**

## **(Contd..)**

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- \* Pace making**
- \* Speed testing**
- \* Reliable trails**
- \* Use in connection with Motor Trade**



# DRIVER'S CLAUSE

- Any person including insured:

Provided that a person driving holds an effective driving licence at the time of accident and is not disqualified from holding or obtaining such a licence.

Provided also that the person holding an effective learner's licence may also drive the vehicle and that such a person satisfies the requirement of Rule 3 of the CMV Rules 1989.

# LEARNER'S LICENCE

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## PROVISIONS OF RULES 3 OF C.M.V RULES-1989

While receiving instructions or gaining experience in driving with the object of presenting himself for a test of competence to drive so long as:

a) such a person is the holder of an effective learner's licence issued to him in Form 3 to drive the Vehicle.

# PROVISIONS OF RULES 3 OF C.M.V. RULES –

## 1989 (Contd..)

- b) Such a person is accompanied by an instructor holding an effective licence to drive the vehicle and such instructor is sitting in such a position to control or stop the vehicle and
- c) There is painted, in front and the rear of the vehicle or on a plate or card affixed to the front and the rear. The letter “L” in the red on a white background as under.

# INSURANCE DOCUMENTS (UNDERWRITING)

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- Proposal Form
- Policy Form
- Cover Note
- Certificate of Insurance
- endorsements

# CLAIMS PROCEDURE – OWN DAMAGE

**Condition 1:** Notice shall be given in writing to the company immediately upon the occurrence of any accident and in the event of any claim.

**Condition 2:** The company may at its own option repair, reinstate or replace the vehicle or part thereof and/or its accessories or may pay in cash the amount of the loss or damage and the liability of the company shall not exceed:

For total loss / constructive total loss of the vehicle the **Insured's Declared Value** (IDV) of the vehicle (including accessories thereon) as specified in the Schedule less than value of the wreck.

For partial losses, i.e. losses other than Total Loss/Constructive Total Loss of the vehicle – actual and reasonable costs of repair and / or replacement of parts lost/damaged subject to depreciation as per limits specified.

**Condition 4:** The Insured shall take all reasonable steps to safeguard the vehicle from loss or damage and to maintain it in efficient condition and the Company shall have at all times free and full access to examine the vehicle or any part thereof or any driver or employee of the insured. In the event of any accident or breakdown, the vehicle shall not be left unattended without proper precautions being taken to prevent further damage or loss and if the vehicle be driven before the necessary repairs are effected any extension of the damage or any further damage to the vehicle shall be entirely at the insured's own risk.

# ON DAMAGE CLAIMS DOCUMENTS

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- Intimation
- Claim form
- Estimate of Repairs
- Survey Reports
- Final bill of repairs with satisfaction note by the insurer
- Cash receipt
- Loss voucher

# DOCUMENTS FOR VERIFICATION

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- Registration Certificate
- Driving Licence
- Police report if required
- TOWING--
- Cost of protection, removal to the nearest repairer and re-delivery

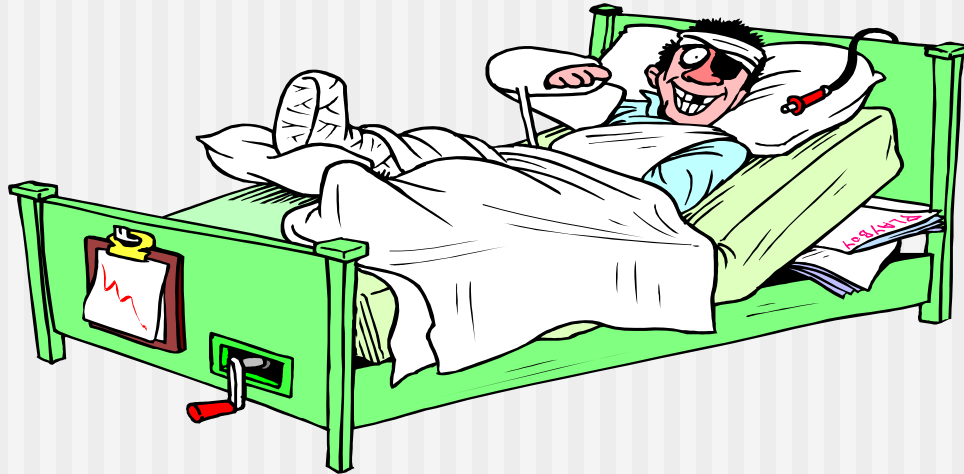


# Your Auto Insurance Policy

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## Medical Payments or Personal Injury Protection (PIP)

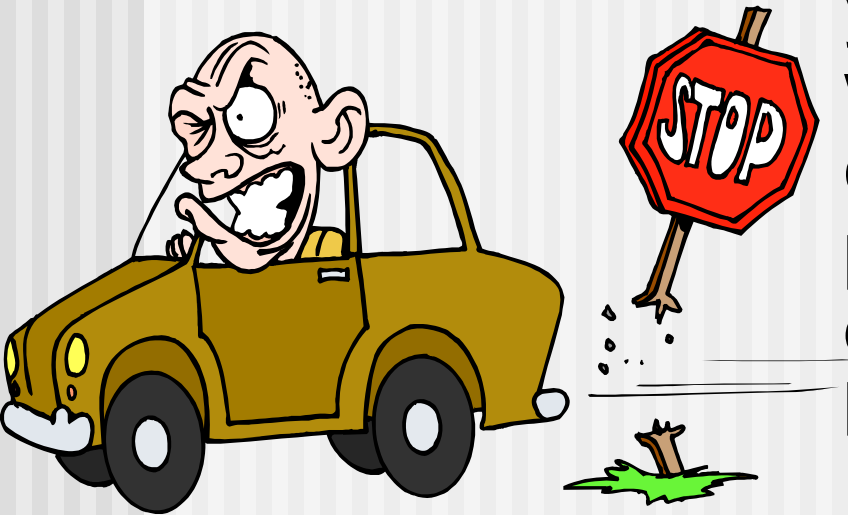
This coverage pays for the treatment of injuries to the driver and passengers of the policyholder's car. In some cases, PIP can cover medical payments, lost wages and the cost of replacing services normally performed by someone injured in an auto accident. It may also cover funeral costs.



# Your Auto Insurance Policy

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## Property Damage Liability



This coverage pays for damage you (or someone driving the car with your permission) may cause to someone else's property. Usually, this means damage to someone else's car, but it also includes damage to lamp posts, telephone poles, fences, buildings or other structures your car hit.

# Your Auto Insurance Policy

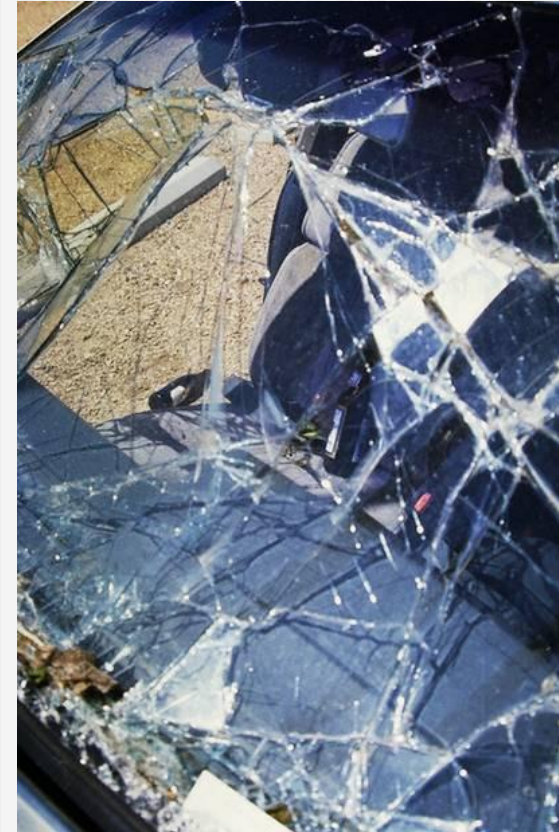
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## Collision

This coverage pays for damage to your car resulting from a collision with another car, object or as a result of flipping over.

Collision coverage is generally sold with a deductible of \$250 to \$1,000—the higher your deductible, the lower your premium.

Even if you are at fault for the accident, your collision coverage will reimburse you for the costs of repairing your car, minus the deductible.



# Your Auto Insurance Policy

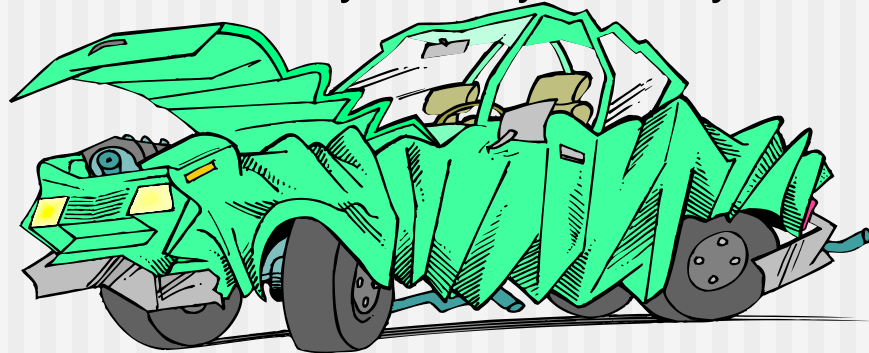
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## Comprehensive

This coverage reimburses you for loss due to theft or damage caused by something other than a collision with another car or object, such as fire, falling objects, missiles, explosion, earthquake, windstorm, hail, flood, vandalism, riot, or contact with animals such as birds or deer.

Comprehensive insurance is usually sold with a \$100 to \$300 deductible.

If you have a car loan, your lender may insist you carry it until your loan is paid off.



# Your Auto Insurance Policy

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## Uninsured and Underinsured Motorist Coverage



This coverage will reimburse you, a member of your family, or a designated driver if one of you is hit by an uninsured or hit-and-run driver.

Underinsured motorist coverage comes into play when an at-fault driver has insufficient insurance to pay for your total loss. This coverage will also protect you if you are hit as a pedestrian.

# Auto Insurance Premium Factors

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- Automobile type.
  - Year, make, model, and theft rate.
- Rating territory.
  - Accident, auto theft, and vandalism rates in the area where you live.
- Driver classification.
  - Age, sex, marital status, credit history, driving record, and driving habits.
- Assigned risk pool for people who are unable to obtain insurance.

# Auto Insurance

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What is it:

Auto insurance protects you against financial loss if you have an accident. It is a contract between you and the insurance company. You agree to pay the premium and the insurance company agrees to pay your losses as defined in your policy.

# Auto Insurance

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Auto insurance provides property, liability and medical coverage:

- ☐ Property coverage pays for damage to or theft of your car.
- ☐ Liability coverage pays for your legal responsibility to others for bodily injury or property damage.
- ☐ Medical coverage pays for the cost of treating injuries, rehabilitation and sometimes lost wages and funeral expenses.



# Auto Insurance



Why do you need it?

- Teens have the highest involvement rates in all types of crashes
- Many fatal teen crashes involve excessive speed or driving too fast for existing road conditions
- 77% of teen crashes involved avoidable driver errors
- Motor vehicle crashes are the leading cause of death for 15-20 year olds, 10 teens lose their lives every day in car crashes
- 31,000 people were killed in crashes involving teens between 1995 and 2004
- Since March 2003, 2,600 American troops were killed in war-related accidents. In the same 41-month period, over 22,000 teens 15-19 died in car crashes throughout the U.S.

# Your Auto Insurance Policy

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What will your policy cover?

1. Bodily Injury Liability
2. Medical Payments or Personal Injury Protection (PIP)
3. Property Damage Liability
4. Collision
5. Comprehensive
6. Uninsured and Underinsured Motorist Coverage

# Your Auto Insurance Policy

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## ■ Bodily Injury Liability

This coverage applies to injuries that you, the designated driver or policyholder, cause to someone else. You and family members listed on the policy are also covered when driving someone else's car with their permission.

It's very important to have enough liability insurance, because if you are involved in a serious accident, you may be sued for a large sum of money. Definitely consider buying more than the state-required minimum to protect assets such as your home and savings.



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Thank you