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MOTOR INSURANCE - FAQ'S

MOTOR FAQ's

1. How vehicle IDV is calculated for motor insurance?
 - $\text{Current IDV} = \text{Last year IDV} - 10\% \text{ (standard depreciation)}$ brand new car IDV = Ex. Showroom Price – 5 %
2. What is Nil Depreciation?
 - No depreciation is deducted while paying claim of parts like fiber parts consumables, metal parts, and plastic parts.
3. Is it correct to call Nil Depreciation policy as Zero depreciation?
 - Yes also known as Zero depreciation.
4. What is the difference between Ex-Showroom price and IDV?
 - IDV is Cars current market price post depreciation Ex Showroom is a invoice price + tax.
5. What is the benefit of NCB protector?
 - Add-on to protect your NCB after claim.
6. What is Hypothecation?
 - Giving the ownership of car to bank against car loan.
7. What is cover note?
 - Cover note is a document policyholder receives before delivery of actual policy as a proof.
8. What is the validity of the cover note?
 - Validity will be 60 days.
9. Is vehicle Inspection mandatory in case of Break-in cases?
 - Yes it is mandatory in case of break-in.
10. What will be result if false NCB declared?
 - Claim gets rejected if NCB is declared wrongly. However third party cover will not be cancelled.
11. What are the details required to calculate motor insurance premium?
 - IDV, ZONE, CC, NCB, Year of Manufacturing.
12. How many Zones are there in Private car?
 - Two Zones
13. Can the NCB be added in between the policy period?
 - No
14. Who will get NCB : insured or insured's vehicle?
 - NCB is given to driver i.e. Insured
15. What is the grace period for NCB after the insurance expiry?
 - 90 days grace.

16. What is the maximum cover for owner driver in motor insurance?
 - 2 Lacs.
17. What is the difference between Ex-Showroom price and IDV?
 - Ex-Showroom price includes of Invoice price Plus Tax , whereas IDV is Current Market Value of Vehicle post depreciation.
18. What is the benefit of NCB protector?
 - Add-on to protect NCB post claim.
19. What happens if insured make delay in Claim Intimation to Insurer?
 - Claim gets rejected if it's not notified to insurance company in 48hrs. Exception is given if the vehicle is seized by police or death of the owner/driver.
20. What happens if Vehicle repaired before survey?
 - Claim will be rejected if insured repairs the vehicle before notifying the insurance company and getting the survey done.
21. Is Mechanical/electrical breakdown paid by insurer?
 - No, it is considered as a Permanent Exclusion from the policy.
22. Water ingress and oil leakage is not covered in NIL depreciation plan is true or false?
 - NIL Depreciation plans does not cover consequential losses like Water ingress and oil leakage.
23. Is motor insurance is compulsory by law?
 - Yes, as per Motor Vehicle Act 1988 by Government of India
24. How many types of motor insurance are there and name them?
 - There are two types of motor insurance policies, Comprehensive and Third party.
25. In case of Third Party Property damage how much the maximum amount payable As a claim?
 - In case of third party property damage claim maximum amount payable is Rs.7.5 Lakhs.
26. Is FIR mandatory for motor insurance claim?
 - For all Motor Insurance Claims FIR is mandatory.
27. In own damage section of the policy covers the damage to the Insured's car in case of which all situations?
 - Fire & Explosion, Lightening, Burglary & Theft, Accident, Flood, Riot & Strike are the situations which are covered under own damage policies
28. What is YOM?
 - YOM=Year of Manufacturing.
29. Name the cities zone A?
 - Cities which fall in Zone A are Delhi, Mumbai, Kolkata, Chennai, Hyderabad Bengaluru, Pune, and Ahmadabad.
30. Can NCB transferred when car is sold?
 - No, NCB is of car driver not of car so it can't be transferred from car to car.

31. What is De-Tariffing?
 - De-Tariffing means that the pricing of insurance policies are left to the Individual Insurance companies concerned, to Decide and Offer, based on their Analysis and Risk Taking Ability.
32. Why is Compulsory Deductibles in comprehensive policy?
 - Customer tends to misuse their policy cover and they would go on making claims for even very nominal amounts. In such process genuine customers with big loss may get delayed services. So, to avoid misuse of the policy, compulsory deductibles are applied
33. What is the relationship between the deductible and the premium?
 - There is an inverse relationship between the deductible and the premium. When voluntary deductible increases, the amount of premium falls.
34. Under daily allowance add-on maximum how many claims can be made in one policy year?
 - Maximum two claims are permitted.
35. What is covered in add-on personal belonging?
 - Clothes, other articles of personal nature likely to be worn, used or carried and includes
 - Audio/video tapes, CDs etc.
36. What is the add-on key replacement condition?
 - Each such replacement claim shall be subject to 10% co-share of the total cost of replacement –subject to a minimum of Rs 500/- , by the Insured.
37. Normally tire and tubes are not covered by any Insurance Company True or False ?
 - True.
38. What is Consumables in Car?
 - Clips, Fender Clips, Bolts, Nuts, Stoppers, Emblems, Screws, Body Sealant, Clips, A/C Gas, Compressor Oil, Coolant, Engine Oil,
 - Gear Box Oil etc.
39. Broker represent to whom?
 - Broker represents the customer.
40. IRDAI stands for?
 - Insurance Regulatory Development Authority of India.
41. Insurance business got nationalized in which year?
 - Insurance business got nationalized in Year 1956.
42. In R2I Add-on customer will receive Invoice price even if he met with small accident?
 - No, In Insurance Regulatory Development RTI customer will receive Invoice price only if he met with an accident and there is a complete loss or car is stolen.
43. Who gets claim in case of hypothecation?
 - Bank gets the claim, Hypothecation means taking Auto loan from bank by giving papers and ownership of the car to bank.
44. What amount customer has to pay if he has taken a voluntary discount of 25%
 - 5000/-

45. What documents are required while purchasing Auto insurance Policy?

- Documents required while purchasing insurance are :-
 - i Last Year Policy Copy
 - ii RC Book
 - iii Signed Proposal Form
 - iv Premium Cheque

46. What are the cases where Inspection is required?

- Inspection is done in the following cases:
 - i Break-In cases, changing from Normal comprehensive to Add-on. E.g. Nil Dep, If a vehicle is converted from Taxi to private or vice versa, During name change endorsement,
 - ii CNG/LPG fitted, In case of NCB recovery.

47. What is the document required at the time of Accidental Claim for Private Car?

- Documents for Accidental Claims are :-
 - i Policy Copy.
 - ii Claim Form.
 - iii Copy and original RC.
 - iv Copy and original DL.
 - v FIR in case of any death or third party.
 - vi Vehicle purchase invoice
 - vii Estimate of repairs
 - viii Repair bill/invoice
 - ix Payment receipt of (In case of reimbursement claims.

And any other document as requested

48. How to incorporate changes in the terms of the policy?

- You can incorporate changes in policy by endorsement.

49. Can a Vehicles used for any other purpose other than What is mentioned in the policy will get a Claim?

- No, it forms the exclusion part of the policy.

50. is Loss or damage due to war, mutiny or nuclear risk is covered under auto insurance policy ?

- No, it forms the permanent exclusion part of the policy.

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