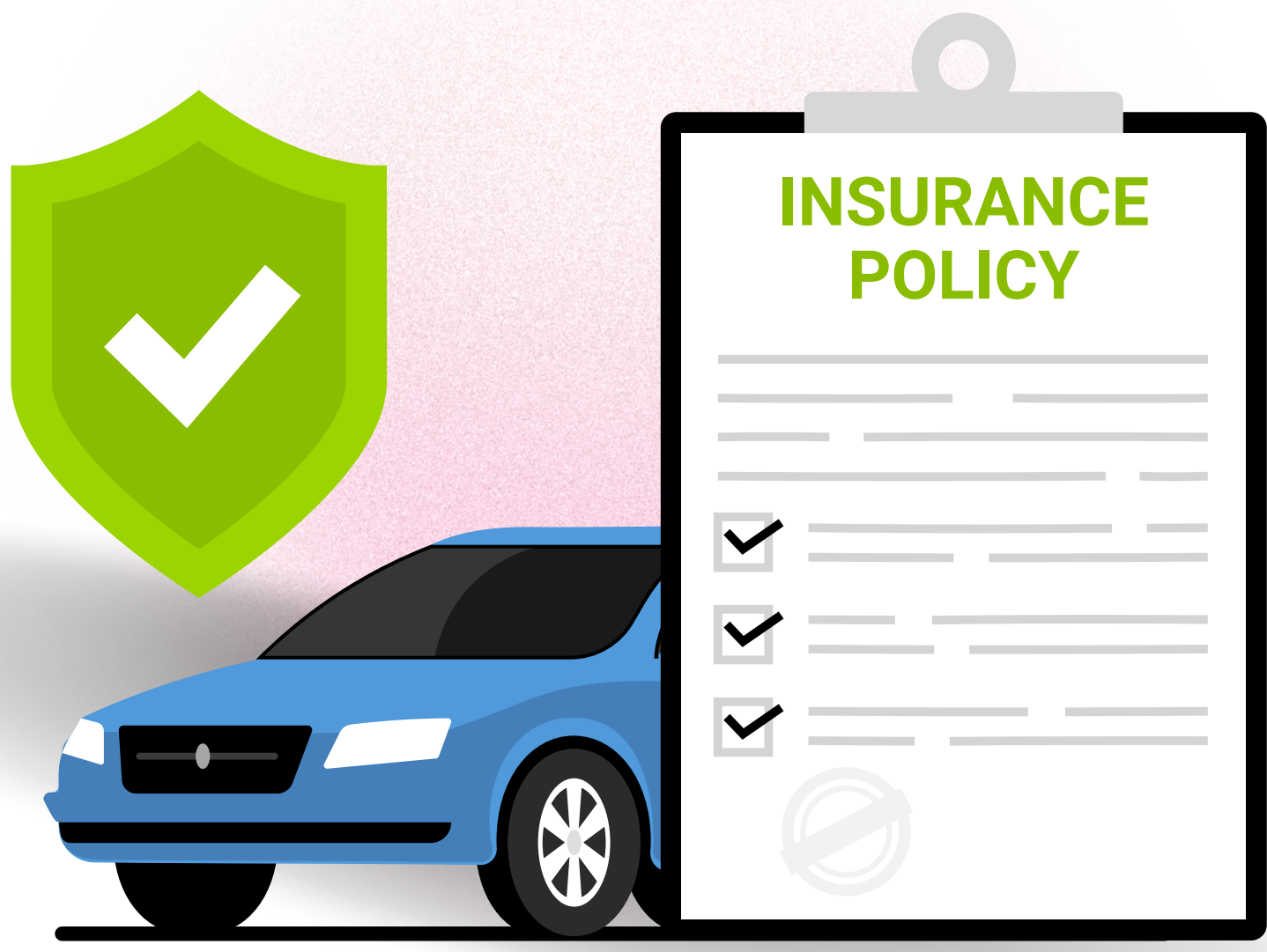


The Very Basics Of Car Insurance



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What Is Car Insurance?

Car Insurance, as the name implies, is insurance for cars. It safeguards your car against loss or damages caused due to an accident, theft, a natural calamity, etc.



It offers coverage to -

- ▶ You and your car.
- ▶ A third-party individual and property - Damages caused to another person or their property in an accident involving your vehicle.



Why Buy Car Insurance?

Here are 3 main reasons why you should buy insurance for your car -

01 Driving without insurance is a punishable offence



As per the Motor Vehicles Act, driving a car without insurance in a public place is a punishable offence.

The fine for driving without insurance starts from Rs 2000 for the first offence and Rs 4000 for the subsequent offence.

It could also lead to imprisonment for 3 months.

02 Cost of repairing a car is very high



Not only is the cost of purchasing a vehicle high, but the cost of repairing the vehicle in case of severe damage is also very expensive.

Car Insurance provides financial protection to you against any unforeseen events like accidents, theft, or any other serious damage to your car.

03

Offers protection against a wide range of risks



From thefts to accidents, from manmade disasters to natural calamities - Car Insurance covers a lot of risks.

And, it won't just provide protection to your car, you'll also be protected against any legal liabilities owing to damages or financial losses caused to a third party person or property.

Besides these, there are a lot of other things a Car Insurance Plan offers financial protection against.



What Does A Car Insurance Policy Cover?



1. COVERAGE IN CASE OF LOSS OR DAMAGE TO THE VEHICLE

A car insurance plan will safeguard your vehicle against loss/damage caused due to -

- Accidents
- Natural calamities like earthquakes, floods, storms, cyclones, hurricanes, tempests, inundation, hailstorms, frost, landslides, lightning, etc.
- Theft, burglary, riots, strikes, etc. resulting from human intervention.
- Malicious acts like hostilities, an explosion of war weapons, terrorism, etc.
- Damage while in transit by rail, road, inland waterways, lift, elevator or air.
- Fire, explosion, self-ignition.



Please note: This is just an indicative list. The types of risks covered under motor insurance may vary across insurance companies. Ensure you read all the relevant policy documents so you're well-informed before making the purchase.

2. COVERAGE FOR ACCIDENTAL DEATH OR DISABILITY

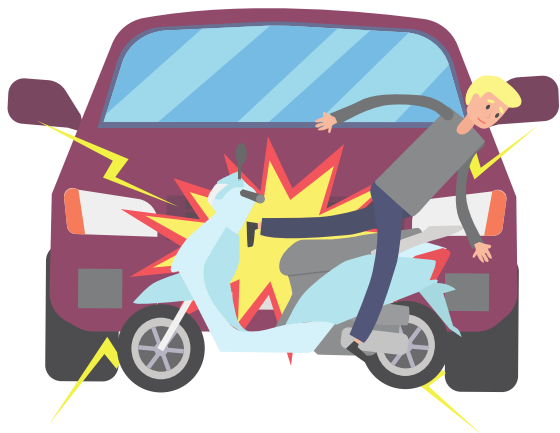
Insurance companies have to compulsorily offer personal accident cover with Car Insurance. Personal Accident Insurance Cover offers protection to the owner of the car in case they get injured in an accident.

For instance, two friends, Jeh and Karan, are on their way to a restaurant to have dinner. Jeh's car suddenly meets with an accident. Both Jeh (who is driving the car) and Karan (who is in the passenger seat) get severely injured and succumb to their injuries. Here, the insurance company will provide compensation to Jeh's family but not Karan's.



Insurance companies also offer a personal accident cover for passengers as well.

So, in the above example, if Jeh had opted for a personal accident cover for passengers at the time of buying the Car Insurance Plan, the insurance company would have provided the compensation to Karan's family as well.



3. THIRD-PARTY LEGAL LIABILITY

Car Insurance also provides a third-party liability cover. It offers protection to you against legal liabilities that may occur due to the loss/damage caused by your car to a third party individual or property.

So, say Aryan buys a Car Insurance Policy that also offers coverage for third-party legal liability. Aryan, while he's driving, meets with an accident that damages Saloni's scooter. The Car Insurance Plan purchased by Aryan will cover the repair costs for the damage caused to Saloni's scooter.

So, these are some risks covered under Car Insurance. What you should know, though, is Car Insurance does not cover all types of risks.

What Does A Car Insurance Policy Not Cover?

Here's a list of a few exclusions, i.e., situations your Car Insurance won't offer protection against.

□ ANY WEAR AND TEAR



Damage to the car due to ordinary wear and tear is not covered by Car Insurance. Also, if the vehicle undergoes any damage in the regular course of action due to the following conditions, it will not be covered -

- Any mechanical or electrical breakdowns
- Failure of chassis or any body part
- Breakage due to rust or weather conditions

□ DAMAGE TO TYRES, TUBES, OR ELECTRICAL COMPONENTS



Tyres, tubes, and electrical components face damage due to regular use as well as severe weather conditions.

Electrical components such as wires, battery, engine, etc. may also falter because of short circuits, oil leakage, or rodents. These damages will not be covered by the policy.

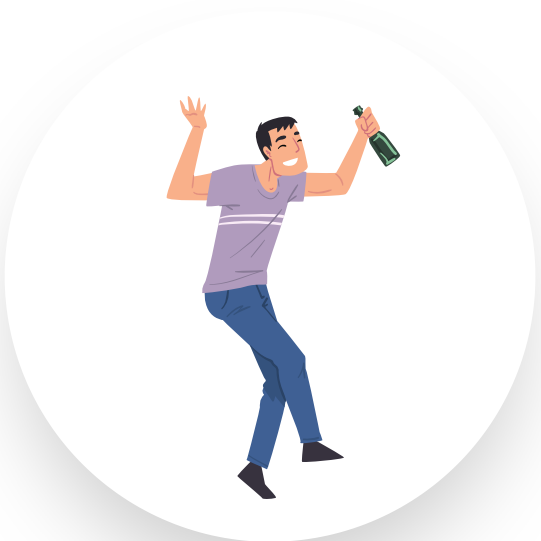
❏ DAMAGE CAUSED IF THE DRIVER DOESN'T HAVE A VALID LICENCE



Possessing a valid driving licence while driving a car is a mandatory requirement in India. The licence permits you to drive legally in India. It is issued by the Regional Transport Authority (RTA) or the Regional Transport Office (RTO).

Your policy will not cover any damage caused to the vehicle if you don't have a valid driver's licence.

❏ DAMAGE CAUSED IF THE DRIVER IS UNDER THE INFLUENCE OF ALCOHOL OR DRUGS



You are liable to face legal repercussions under the Motor Vehicles Act if you happen to drive a vehicle under the influence of alcohol or any narcotic drugs.

And, no, any damage caused to your vehicle during the course of such driving will not be covered by the insurance policy.

❑ DAMAGE CAUSED IF THE CAR IS BEING USED FOR ANY OTHER PURPOSE



If you use your car for any other purpose than the one specified in the insurance certificate, and it gets damaged as a result of this use - you are not eligible to receive the claim amount.

For instance, a private car being used for a commercial purpose or racing, etc.

❑ VIOLATION OF VEHICLE MANUFACTURER'S GUIDELINES



Each vehicle comes with a manual with information about the vehicle and guidelines that should be followed by the user.

For instance, there may be instructions about how to jump start your car, how you should handle overheating, etc.

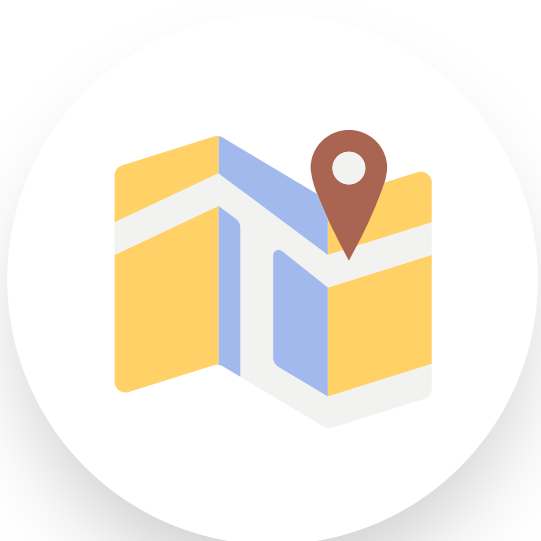
If you use any methods beyond these guidelines and as a result, violate them - any damage sustained by the vehicle will not be covered by the policy.

□ DAMAGE CAUSED BY WAR



Any damage to the car due to war, terror attack, radiation, or nuclear material/weapons, is not included within the scope of the policy coverage.

□ DAMAGE CAUSED BEYOND THE SPECIFIED GEOGRAPHICAL AREA



Insurance companies may be licensed to write policies for a certain geographical area or the insurance policy may specify a certain geographical area within which the coverage will be in force. Any accident that happens beyond these areas will not be covered under the policy.

If you plan to take your vehicle outside India, then you would need to separately cover the risks with an insurance company.

For example, Ayan decides to go on a road trip to Nepal with his friends. His car meets with a major accident on the way, and is damaged. He raises a claim for the same. Unfortunately, the insurer did not approve his claim as the accident happened outside India - outside the geographical area specified in his policy.

□ ANY ACCIDENT THAT HAPPENS AFTER THE INSURANCE POLICY EXPIRES



Car Insurance is a mandatory requirement - as discussed above. It needs to be renewed within the specified due date. If any damage or loss, even if covered under the old policy, happens after the policy expires - it will not be covered.

For example - Jannat buys an insurance policy for her car in May 2021. She forgets to renew her policy, because of which her policy expires.

Unfortunately, her car meets with an accident in June 2022. Her car faces substantial damage because of the same. However, she is not eligible to raise a claim and receive the cover amount from the insurer because of the expired policy. And, she may also face legal repercussions under the Motor Vehicles Act for driving without insurance.

So, these are some situations that are excluded under Car Insurance.



REMEMBER!

As important as it is to know what your Car Insurance will cover, it is equally important to educate yourself about the situations it won't cover - so that there are no surprises at the time of a claim.

Now that you're aware of what Car Insurance is, and the risks it covers and does not cover, we reach the next bridge to cross.

The 3 types of car insurance, and finding the right one for you!

Should you purchase the legally mandated Third-party Insurance Plan or go for a Comprehensive Insurance Policy that provides all-round coverage?

To find out the answer to this question, it is important to understand how both these policies differ from one another.

A

What is Comprehensive Insurance?

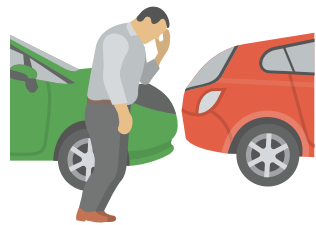
This policy includes comprehensive coverage for damages sustained by your vehicle, as well as liability coverage for third parties.

You can also opt for add-ons with this type of insurance to enhance your policy coverage.

What does it cover?



Own Damages



Third-Party



Add-ons



No Claim Bonus
Discounts

Here's a detailed view of the four types of situations covered by the comprehensive cover.



Own Damages

A comprehensive policy provides coverage for the damages caused to your own car because of unforeseen events like an accident, theft, natural calamities, etc.



Third-Party

Any injury to a third party individual or damages to the property of a third party is also covered under a comprehensive policy.



Add-ons

A comprehensive policy allows you to opt for several add-ons that provide extra protection to the vehicle.



No Claim Bonus
Discounts

For every year you don't make a claim, a comprehensive policy will offer a No Claim Bonus discount on the premium amount.

B What is Third-party Liability Insurance?

This insurance plan shields you against damages caused to a third-party individual or their property because of an accident involving your car.

- The maximum compensation for property damage is limited to Rs. 7.5 Lakhs.
- There is no compensation limit in case of injury or death of a third party.

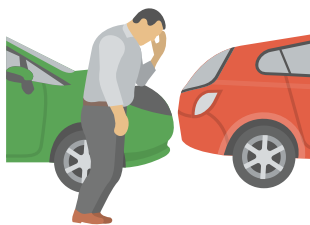
What does it cover?

This insurance plan covers two types of damages, one - death or injury to a third-party individual & two - damage to their property. Here's a detailed view.



Death or bodily injury to the third party

A third-party only policy will provide coverage in case of permanent disability or death of a third party individual because of an accident involving your car.



Damage to third-party property

Damages caused to the property of the third party, like their vehicle, shops, boundary wall, etc. are also covered.

Comprehensive Vs. Third-party Insurance - What's The Difference?

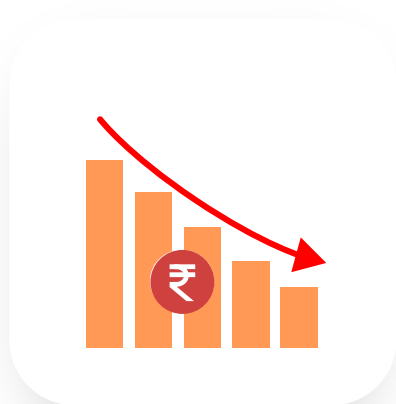
Features	Comprehensive Insurance Policy	Third-party Insurance Policy
Coverage	Comprehensive policy provides protection against own as well as third-party damages.	A third-party policy offers protection against third-party liabilities only.
Legally mandated	It is not mandatory to have a comprehensive policy.	It is mandatory to have a third-party insurance policy.
Add-ons	You can choose a variety of add-ons with a comprehensive policy.	There are no add-ons available with a third-party policy.
Premium	Premium is higher as it provides wider coverage.	Premium is lower as it provides a limited cover.
Discounts	Discounts are available in the form of no-claim bonuses, voluntary deductibles, anti-theft devices, etc.	No discounts are available.

Customising Your Car Insurance With Add-ons

Seat covers to protect your vehicle seats, a headliner to protect your vehicle's roof from heat and noise, floor mats to keep dirt out of your vehicle, and a bug shield to keep bugs and road debris away. You buy all of these add-on accessories to provide extra protection to your car.

Similar to these, you can also buy add-ons with Comprehensive Car Insurance. These add-ons will provide extra protection to your car.

ADD-ON COVERS YOU CAN BUY WITH CAR INSURANCE



► Zero/Nil Depreciation Cover

As a car ages, it undergoes depreciation, i.e., it loses its value over time. And, when you make a claim under your policy, the insurer deducts the depreciation for the car parts, and then pays the claim.

The Zero Depreciation Add-on Cover ensures that depreciation is not considered at the time of claim settlement.



► Engine Protector Cover

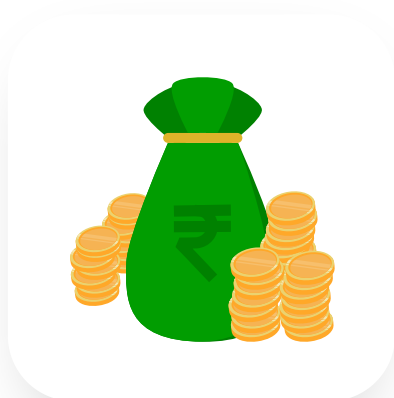
The engine is the most expensive part of a vehicle. Its replacement or any repair work on it can be fairly expensive. An Engine Protector Cover provides financial protection against any damage caused to the engine of your car.

It covers you against damages caused to your car's engine due to water seeping into the vehicle, leakage of lubricating oils, differential parts, gearbox/engine failure, etc.



▶ **Return to Invoice Cover**

This add-on provides you with compensation equal to the car's invoice value i.e., the original value of the car when you bought it. The claim applies when a car is stolen or when it is beyond repair.



▶ **NCB Protect Cover**

NCB means "No Claim Bonus", which is a discount that is offered on the premium if there is no claim made in the previous policy tenure. You can get a maximum discount of 50% if you don't make a claim for 5 consecutive years.

However, if you do make a claim, the NCB will reset to 0%. This add-on cover helps in avoiding this - meaning, even if you were to make a claim, your discount would stay intact.



▶ **Consumable Cover**

The cost of consumables like screws, nuts, bolts, grease, engine oil, bearings, oil filter, etc. is not covered by a comprehensive Car Insurance Plan.

If you buy the Consumable Add-on Cover with your base policy, the cost of these consumables will be borne by the insurer.



► **Roadside Assistance Cover**

This add-on is a blessing. If your vehicle breaks down in the middle of the road, leaving you stranded, this cover helps you get roadside assistance. All you need to do is contact the insurance company's toll-free.

Here are some services available under roadside assistance -

- Changing a flat tyre.
- Minor on-site repair.
- Car towing.
- Fuel delivery.
- Arrangement of replacement of car keys.
- Battery jump-start.



► **Tyre Protection Cover**

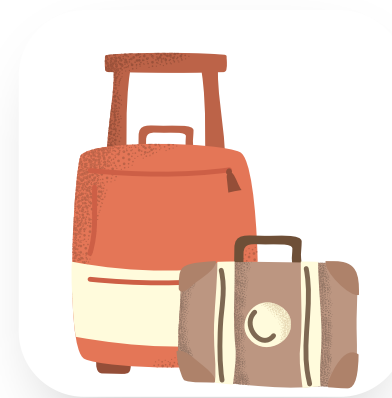
Generally, damages caused to the tyres of the vehicle, because of any reason other than an accident, are not covered by a Comprehensive Car Insurance policy. All such costs for the repair or replacement of the tyres will have to be borne by you.

With the tyre protector add-on, these expenses will be paid for by the insurance company. It provides coverage for the repair and replacement cost of your car's tyres. And, it also covers the labour charges incurred during the process.



▶ **Key Replacement cover**

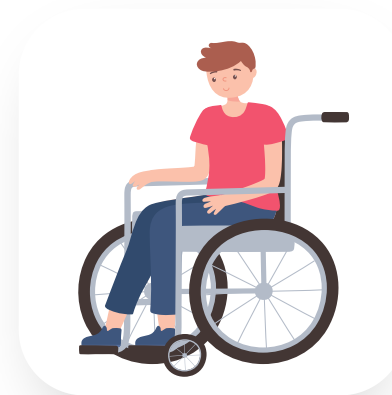
If your vehicle key is lost, damaged, or stolen, this cover comes to your rescue. It gives financial compensation for the costs incurred while replacing or repairing the key and lock-set.



▶ **Loss of Personal Belongings Cover**

This add-on provides compensation in case of -

- Loss of personal items stolen from your car or with your car.
- Damage caused to the personal belongings in the car.



▶ **Personal Accident Cover**

This add-on cover provides financial protection against death, permanent total, and permanent partial disability caused due to an accident.

There are 3 types of personal accident covers available.

- **Personal accident cover for the owner-driver:** This offers the owner-driver protection against any accidental disability or accidental death.
- **Personal accident cover for passengers:** This provides protection to the passengers travelling against any disability or death caused due to an accident.
- **Personal accident cover for the paid driver:** In case the vehicle is driven by a paid driver, then taking this cover will provide protection to the driver of the vehicle against any accidental disability or death.



► **Outstation Emergency Cover**

As the name suggests, this add-on will offer financial protection in emergency situations like accidents or car breakdowns if you're travelling.

- If your car is outside a 100 km radius of your place of residence, this add-on will pay a fixed amount of money mentioned in the policy document.
- If the car repair time exceeds 12 hours, this add-on will offer an additional amount of Rs. 2500.

Now that you're clear on the type of insurance to buy for your car and the add-ons you can pick to enhance your coverage, there are a few things you should note before you go ahead.

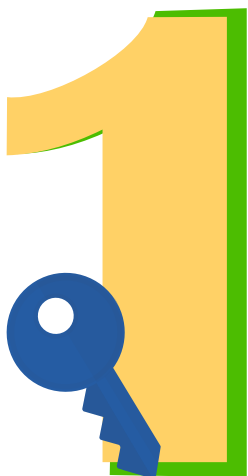


7 KEY ASPECTS OF CAR INSURANCE

Car Insurance isn't something that you should buy in a hurry. You should put in the same effort in purchasing Car Insurance as you would in purchasing a car.

And, while you're at it, there are a couple of things you must keep in mind so that there are no issues later, at the time of a claim.

UNDERSTAND YOUR REQUIREMENTS



You'll have to figure out your needs and choose a policy that perfectly aligns with your requirements.

There are different types of Car Insurance Policies available in India and each one of these types serves a different purpose. Choose a policy that you think is appropriate for you.

FIND YOUR PERFECT MATCH



After you understand your requirements and decide which policy type to buy for your car, look for a policy that matches your needs. There are various websites that allow you to compare insurance plans.

You can compare the features, benefits, cost, etc., and pick the policy best suited to your preferences.

CHOOSE THE RIGHT CUSTOMISATIONS



You can select several features and benefits with your base motor insurance policy so that it is perfectly tailored to your needs. You can also opt for a variety of add-ons, like NCB Protector Cover, Roadside Assistance Cover, Personal Accident Cover, etc.

These add-ons will provide extra protection to your vehicle.

AVAILING DISCOUNTS ON THE PREMIUM AMOUNT



You can also get extra discounts on your policy's premium amount by using some of these ideas.

► Installing recognised anti-theft devices in your car

Installing anti-theft devices on your vehicles can help you fetch discounts from the insurance company too. Anti-theft devices help prevent and stop theft.

For example, a thief will obviously try to steal a car that doesn't have any security rather than stealing a car with a tyre lock. Anti-theft devices use multiple technologies that enhance the security of your vehicle.

- ▶ **Being a member of an authorised automobile association**
You can get a discount on your motor insurance premiums if you are a member of a recognised automobile association.
- ▶ **Choosing the voluntary deductible**
A deductible is the amount you will have to pay before the insurer starts paying up. Insurers offer you the option to voluntarily opt for a deductible. The premium will be lower if you opt for a higher deductible and vice versa.

GO THROUGH THE POLICY WORDINGS



Make sure you understand all the terms and conditions of the policy before you buy it.

If you come across any policy condition that seems contradictory or needs clarification, discuss it with the insurer to avoid any surprises later on.

UNDERSTAND THE INCLUSIONS & EXCLUSIONS



Before signing up for the plan, make sure you're aware of everything that is covered under the policy, and more importantly, everything that isn't.

PROVIDE CORRECT DETAILS IN THE PROPOSAL FORM



Ensure that you provide honest and accurate details to the insurance company.

Any incorrect or false information could cause complications, and even rejection, during the claims process.



Now that you know which type of insurance to buy for your car and the various customisations, the next important thing you must be aware of is how to apply for a claim - so that there are no hassles in case the need arises.



How to make a claim under Car Insurance?

Car Insurance comes to your rescue and helps you deal with the financial setbacks resulting from any loss or damages. However, the entire claims process - from filing the claim to receiving the claim amount can be quite lengthy and tedious.

This is why it is essential to understand how the claim process works in order to avoid hassles later on.

There are two ways through which you can apply for a Car Insurance claim - Cashless and Reimbursement.

? What Is A Cashless Claim?

A cashless claim is where the claim amount is directly paid by the insurance company to a network garage, where your insured vehicle is being repaired.

Steps Involved In The Cashless Claims Process

01

You'll have to inform the insurance company about the accident and provide complete, in-depth details.

02

Next, you'll have to give them the garage address where the vehicle will be taken for repair. The insurer may request an FIR in the event of death or third-party involvement.

03

The insurer will then send a surveyor to check the car's condition at the garage where the car is being repaired.

04

Following the inspection and approval of the surveyor, the garage can commence the repair work on the vehicle.

05

The garage will hand over the repair bill and invoice directly to the insurer once the car is repaired.

06

After deducting depreciation charges and deductibles, the insurer will settle the claim.

?

What Is A Reimbursement Claim?

A reimbursement claim is where the vehicle is repaired in a non-network garage, and the repair costs need to be paid upfront by you, which later get reimbursed by the insurer.

Steps Involved In The Reimbursement Claims Process

01

The first thing you'll need to do is notify the insurer about the accident.

02

The insurer may ask you to submit some documents, such as a duly filled claim form, garage estimates, etc. An FIR may be required in case of death or involvement of a third party.

03

Following the submission of the documents, the insurer will send a surveyor to the garage to inspect the vehicle.

04

As soon as the garage receives the surveyor's approval, repair work shall begin.

05

After your car is repaired, you'll have to pay the repair cost to the garage.

06

Then, you can apply for reimbursement. You'll need to submit repair estimates, bills, and other documents to the insurer for validation.

07

The insurer will begin the refund process after they verify all the documents.

SO, THAT IS ALL ABOUT CAR INSURANCE.

Hope this was helpful in bringing you the very basics of car insurance in India.

Should you have any questions, or would like to work with an expert to buy a suitable car insurance policy, you could connect with our team through our website: www.smcinsurance.com

We'll be happy to help you out!