



CAR INSURANCE

BEST COVER FOR YOUR CAR AT THE LOWEST PRICES

Before settling for what your agent recommends, shop around for premium quotes on your car insurance policy and haggle for the best deal

BY DEEPTI BHASKARAN

Even as the option of shopping around for a tailor-made insurance policy for your car looks some months away, you can still search for the best prices in the market. Beginning January, the Insurance Regulatory and Development Authority freed motor, fire and engineering insurance from all price controls. This means more bargaining power for you when you go to the insurance company.

Says Mahavir Chopra, director (e-business) of insurance portal Insurancemall.in: "Currently, the market is in such a frenzy to grab a larger pie that there are no strict rack rates. If you bargain right, you can further reduce the premium rates."

Changing gear

Post-detariffing also what you pay as premium remains a function of the geographical location, age of the vehicle, model, and manufacturer. But now there is a fifth head—the past claim ratio of the car model is also being considered to slip in discounts. Says Eswaranatarajan N., head, motor insurance, ICICI Lombard General Insurance, the largest private sector general insurance company in India: "Depending on the history, we give discount on models which have a lower claim ratio. We are currently offering around 40% discount on premiums."

Still in the workshop

The motor insurance industry is, however, still grappling with data to further categorize the discounts on the basis of individual claim experience. Till they finalize their lists, here is your chance to shop for the best possible price. Keep these pointers in mind before you settle for a discount.

Bargain toolkit

• If you are buying directly from the insurer, bargain for the best possible price. Typi-

cally, insurance companies keep a margin on their rack rates which gives you enough room for negotiation. "There is usually a margin of 5% so that premiums can be negotiated further and if the customer approaches us directly we are able to offer more discounts as we can cut intermediary cost," says Vijay Mehrotra, head (retail), Iffco-Tokio General Insurance Co. Ltd.

• Go to different brokers before buying a policy. Brokers have tie-ups with a number of in-

surers while an agent represents just one insurer. Rahul Aggarwal, CEO of Delhi-based Optima Insurance Brokers, says: "Large broking houses have attractive deals with the insurers. Also, since they represent the interest of the clients, they come in handy when a claim needs to be serviced."

• Don't compromise on cover for a discount. A discount

might mean a cover less here or there. Always ask for what covers you will get.

A comprehensive policy covers theft or damage to your car, third-party liability as well as the passengers of the car. The cost of covering the passengers and a paid driver

comes to around Rs250, and is optional. Don't ignore this cover for a discount, especially as the cost is low.

• Get your car insured on a full Insured Declared Value (IDV). IDV is the amount that the insurance company would pay you if your car got completely damaged or stolen. Higher discounts might mean a lower IDV. So, ask for the exact IDV to get a real idea of the insurance amount.

• Ask the insurer if it has tie-ups with dealers. If the insurer has an arrangement with the dealers of your car model, you can walk out with a cashless claim settlement.

• Look at the co-payment clause. Also known as "excess" in the policy, a co-payment clause makes you bear a portion of the claim.

Higher excess would mean lower premium since you shift some of the risk from the insurers on to yourself. But, if you can't afford to pay a higher portion of the claim then don't bump up your excess. Check with your agent to see if the discount in the premium means a higher excess for you.

In the present scenario, you can get many discounts. But, make sure you don't lose out on essential coverage. Make use of the tools mentioned here to get a smart deal.



STEER FOR THE BEST BARGAIN

All premiums are in Rs and after discount/loading

		Bajaj Allianz P D/L*	HDFC Ergo P D/L*	ICICI Lombard P D/L*	Iffco Tokio P D/L*	PSUs P D/L*	Reliance P D/L*	Tata AIG P D/L*
FORD FIESTA 	Delhi	11,786 20	14,472 0	10,442 30	11,786 20	11,786 20	10,442 30	13,520 7
	Bangalore	11,786 20	11,786 20	10,442 30	11,786 20	11,786 20	10,442 30	11,785 20
	Mumbai	11,786 20	14,472 0	10,442 30	11,786 20	11,786 20	10,442 30	12,917 11
TATA INDICA 	Delhi	10,837 -	10,837 -	9,371 15	-	8,877 20	7,898 30	12,002 12
	Bangalore	10,837 -	8,877 20	9,371 15	-	8,877 20	7,898 30	10,262 5
	Mumbai	10,837 -	10,641 2	13,358 25	-	8,877 20	7,898 30	11,472 10
HYUNDAI SANTRO 	Delhi	8,027 20	8,027 20	8,027 20	8,027 20	8,027 20	7,154 30	7,549 25
	Bangalore	8,027 20	8,027 20	8,027 20	8,027 20	8,027 20	7,154 30	7,549 25
	Mumbai	8,027 20	8,027 20	8,027 20	8,027 20	8,027 20	7,154 30	7,549 25
MAHINDRA SCORPIO 	Delhi	18,792 -	18,792 -	21,961 20	15,624 20	15,624 20	14,039 30	18,371 5
	Bangalore	18,792 -	15,624 20	21,961 20	15,624 20	15,624 20	14,039 30	15,923 18
	Mumbai	18,792 -	18,792 -	21,961 20	15,624 20	15,624 20	14,039 30	17,626 7

#Insured declared value (Rs lakh) P-Premium (Rs) D-Discount (%) L>Loading (%) *Loading: Increase in premium over tariffed rates Source: Optima Risk and Insurance Management

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