

Irdai Allows Innovative Add-ons, Floater Policy for Vehicle Insurance

Our Bureau

Mumbai: India's insurance regulator has permitted general insurers to introduce innovative add-on policies for own damage of vehicles, depending on the usage and driving history of owners.

Individuals can also buy floater policies for multiple vehicles instead of a separate policy for each vehicle, the Insurance Regulatory and Development Authority of India (Irdai) said in a notification.

Irdai said general insurance companies can introduce own damage cover for motor insurance in three categories — 'Pay as You Drive', 'Pay How You Drive,' and 'Floater Policy' for vehicles belonging to the same individual owner for two-wheelers and private cars.

'Pay as you drive' add-on will allow customers to pay a premium based on their usage. Vehicles spending more time on the road may attract a higher premium compared to the ones used less.

'Pay how you drive' add-on will depend on the driving behavio-

ur of the owner. Vehicles with more fines and accidents will have to pay a higher premium.

A 'floater policy' will allow the vehicle owners to get a single policy for multiple vehicles including two-wheelers.

"Introduction of the above options will aid in giving the much-

needed fillip to motor own damage insurance in the country and increase its penetration...the above mentioned covers will be provided as add-ons to the basic policy of motor own damage," Irdai said.

Insurance companies said artificial intelligence and data analytics will play a major role in designing these policies and track trends.

"With the new add-ons permit, own damage policy coverage can now be tailored based on a customer's driving behaviour pattern, general upkeep, mileage and vehicle usage pattern to offer the best features they need. This will do away with "standard premium for all" practice," said Rakesh Jain, chief executive of Reliance General Insurance.

