
Private Car Policy Wordings

Salient Feature

Motor Insurance Contracts are subject to the basic principles applicable to property and liability insurance in general. The owner of the vehicle must bear a legal relationship to the vehicle whereby he or she stands to benefit by the safety of the vehicle, right, interest or freedom from liability and stands to lose by any loss , damage , injury or creation of liability.

Scope of Cover

There are two types of policies available.....

Policy Ato cover Act liability.

Policy Bto cover both own damage losses and Act liability.

Section I of Standard form of Private Car Policy (B) or Motor Cycle/Scooter Policy covers against loss or damage to the insured vehicle and/or its accessories whilst thereon.....

- a) by fire , explosion (both external and internal) , self-ignition or lightening ;
- b) by burglary , housebreaking or theft ;
- c) by riot and strike ;
- d) by earthquake (fire and shock damage) ;
- e) by flood, typhoon , hurricane , storm , tempest , inundation , cyclone , hailstorm ;
- f) by accidental external means ;
- g) by malicious act ;
- h) by terrorist activity ;
- i) whilst in transit by road , rail , inland waterway , lift , elevator or air.

Section II covers Liability to third parties which means this section provides indemnity to the Insured in the event of accident caused by or arising out of the use of the motor vehicle against all sums, including claimants costs and expenses, which the insured shall become legally liable to pay in respect of --

- death of or bodily injury to any person, including occupants carried in the motor vehicle, provided such occupants are not carried for hire or reward , but not where such death or injury arises out of and in the course of the employment of such person by the Insured. Limits of Liability under this section as per M V Act , 1988 is unlimited ;
- damage to property other than property belonging to the insured or held in trust or in the custody or control of the insured. Limits of Liability is Rs.6000/- in respect of any one claim or series of claims arising out of one event but Tariff however provides for increased limits upto unlimited liability for TP (Third Party) property damage, at an additional premium.

Exclusions

- Consequential loss, wear and tear, mechanical or electrical breakdown, failures or breakages
- damage to tyres unless the motor vehicle is damaged at the same time when the liability of the insurer is limited to 50% of the cost of replacement ;
- any accidental loss or damage suffered whilst the insured or any person driving with the knowledge and consent of the insured is under the influence of intoxicating liquor or drugs.
- cost of part/s and allied labour , failure of which led any accident.

General Exceptions

Vehicles plying outside the Geographical Area, claim out of any contractual liability, vehicles being used otherwise than in accordance with the limitations as to use, being driven by any person other than a driver as stated in the Drivers Clause, nuclear risks, liability directly or indirectly arising from nuclear weapons material are the general exceptions.

Period of the Policy

Generally annual policy are issued but there is an exception like long term two wheeler policy which continues till the fitness of the vehicle is valid according to RTA.

Basis of Sum Insured

Invoice price for new vehicle together with additional expenditure if any on accessories can be the basis of Sum Insured.

Pricing / Premium Fixing

The Tariff Advisory Committee have laid down rules, regulations, rates, advantages, terms and conditions for transaction of motor insurance business. The rate has been revised since 01.04.90 and liability risk premium since 01.07.98.

For Private Car Policies.....

Own damage premium comes around 3% of Insured Estimated Value declared and liability premiums to be added @ Rs.340/- or Rs.509/- depending on cubic capacity (for not exceeding 1500cc & exceeding 1500cc).

For Motor Cycle / Scooter Policies.....

Own damage premium to be charged ranging from Rs.33/- to Rs.132/- depending on cubic capacity plus surcharge on Insured Estimated Value (1.1% except Auto Cycle) where minimum Act premium ranges from Rs.57/- to Rs.96/- according to cubic capacities.

For all the motor policies , premium has to be deposited with 5% service tax and entire premium has to be given in advance before commencement of risk.

Basis of Indemnity

Basis of Indemnity will be to the extent lost/suffered in terms of replacement value for the parts to be replaced in case of partial accidental damage with associated labour to be assessed by an Independent surveyor (relaxed for in-house surveyor within the estimate of Rs.20,000/-) keeping policy terms and condition in view.

For total loss, market value determined by an independent surveyor will be the basis. For extensive damage which ultimately makes the repairing uneconomical may be considered for total loss to be derived by the independent surveyor. In such cases, the insured, if wishes, can retain the salvage and net amount can be disbursed towards total settlement.