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## Insurance

- Presented below are a series of responses to what are the most commonly asked questions whilst purchasing motor car insurance. We hope that this shall be of assistance to you. If there is some other query you need answered we request a mail to [support@dracar.co.in](mailto:support@dracar.co.in) and we shall be happy to serve you.

Note: It is important to note that although motor insurance has been notified as 'de-tariff' this is currently limited to cost of insurance and not to terms of cover. The terms have been retained from 'tariff' and shall remain mandated until March 2008 or any other date as deemed by the regulatory authority.

### What is 'comprehensive insurance cover' for a motor car?

This is an all inclusive cover of all risks covered in the Motor Vehicles Act , plus loss or damage caused to the vehicle due to: Accident, Fire, Explosion, Self-Ignition, Lightning, Burglary, Theft, Riots & Strikes, Earthquakes, Floods, Typhoons, Hurricanes, Storms, Cyclones, Malicious Acts, Terrorism or while in Transit by rail/road, air or waterway. Also included is the towing charge (up to Rs.1,500/- for private vehicles and Rs.2,500/- for commercial vehicles ) incurred in transferring a damaged vehicle to the workshop.

Cover for an owner driver is also included to an extent of Rs.2 lakhs in the event of death. Permanent disability is covered too but the extent of compensation depends on the kind and extent of disability.

Damage caused to any third party's property is also covered. The minimum coverage by law is to an extent of Rs 6000/-. The cover is capped at Rs 7.5 lakhs. The extent of this cover may vary between these two figures and it is recommended that the purchaser inquires which is applicable when evaluating a proposal.

Injuries to any person other than those in the vehicle are covered under the third party clause. The extent of cover in this case is unlimited.

### How do I include passengers in my insurance cover?

At the time of renewal or issue of a new policy, a per passenger payment of an additional Rs 50/ -,excluding service tax, allows a cover of up to Rs. 100,000 per passenger. The limit on the number of passengers is the seating capacity of the car as registered. Currently higher cover cannot be purchased by paying a higher premium.

IDV is normally calculated on the basis of the manufacturer's listed selling price of the vehicle (plus the listed price of any accessories) after deducting the depreciation for every year as per the schedule provided by the Indian Motor Tariff.

If the price of any electrical and / or electronic item installed in the vehicle is not included in the manufacturer's listed selling price, then the actual value (after depreciation) of this item can be added to the sum insured over and above the IDV.



### Can I fix my vehicle's IDV?

This is not allowed. The reason for this is that if so allowed an insurance purchaser can declare a low value and lower the premium on his insurance. Though this would result in a lower payout in the event of a total loss, it would not effect the coverage of repairable damage. Since the chance of total loss is small many may consider it a worthwhile trade-off.

### What is the depreciation schedule? This is as given below

Age of Vehicle	% Depreciation
Below Six months	5
Exceeding 6 Months but not exceeding 1 year	15
Exceeds 1 year but not exceeding 2 years	20
Exceeds 2 years but not exceeding 3 years	30
Exceeds 3 years but not exceeding 4 years	40
Exceeds 4 years but not exceeding 5 years	50

A vehicle greater than 5 years since manufacture shall have its value approximated to the market value, The determinant of which is left to the best discretion and consensus of the insured and insurer.

### What is the minimum deductible?

This refers to the sum that is deducted from any payout on the insurance cover. The Minimum deductible as per tariff is Rs.500/- for a sub 1500cc vehicle and Rs.1000/- for those above 1500cc. Various packages are worked out using various deductibles but a general rule is that the higher the deductible agreed to by the purchaser of the cover, the lower the premium.

The table below illustrates some of the slabs.

Deductible	% Premium Rebate
Rs 2500	Rs 750
Rs 5000	Rs 1500
Rs 7500	Rs 2250

### What is NCB?

An insured becomes entitled to a No Claim Bonus (NCB) at the renewal of a policy after the expiry of the full duration of 12 months if the insured has not made a single claim in the duration. As per the schedule of tariff, NCB can be earned in the Own Damage section of Policies covering all classes of vehicles but not on Motor Trade Policies (Road Transit Risks / Road Risks / Internal Risks) and policies that cover only Fire and / or Theft Risks. There is an table fixed by IRDA for a NCB and is given below

Age of Vehicle	No Claim Bonus Discount
1	20%
2	25%
3	35%
4	45%

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Age of Vehicle	No Claim Bonus Discount
5	50%

As is apparent therefore a No claim bonus is a special discount given for every claim-free year. This therefore reduces the premium in succeeding years. However a claim in the succeeding years would result in Loading, which is the inverse equivalent of NCB.



- **Can I transfer a NCB on an old car to a new one?**

Yes. Furnish the record of the existing NCB while purchasing a new policy for the new car. The NCB shall be transferred to the new policy and the Bonus is availed in the new cover as well. In practice however, insurance companies may have concerns if the transfer is between vehicles vastly separate in price range.

- **What is the minimum period for which a cover can be purchased?**

The normal period is 12 months, however shorter term covers are available. The difficulty is that the reduction is not proportionate therefore a 2 month cover may cost as much as 75% of a 12 month cover. It is therefore that most opt for a 12 month cover as it is the most cost effective.

- **Suppose I sell or transfer the ownership of my car?**

Should you choose to retain the cover and transfer it to your new car, this is simply done at the time of purchasing a new cover. If you should wish to transfer the cover to the new owners you need to sign an insurance transfer form. This is then taken to the concerned insurer for necessary endorsement.

- **Is there a time limit within which a transfer endorsement should occur?**

The transfer endorsement should occur within fourteen continuous days from the date of transfer of registration, failing which the Own Damage cover of the policy lapses until such time as the endorsement is carried out. Within the fourteen day window however, comprehensive cover exists regardless of endorsement.

- **Suppose I sell my vehicle, purchase another pre-owned and wish to retain my existing policy?**

This can be done subject to.

- a) the buyer purchasing separate cover on the sold car.
- b) the car purchased by the seller being of a similar IDV as the sold car and within the age stipulations of the insurer.

In such instance a copy of the cover taken by the buyer can be enclosed along with a request letter to the insurer. The seller's existing policy would then be amended to cover the recently purchased car.

- **What is third party insurance?**

Third Party insurance covers: Personal injury to and or property damage of, as the name suggests, a third Party. A purchaser of this kind of cover does not have any protection for himself or the vehicle owned by himself. However he is buying insurance to cover his liability in the event of causing injury or damage to the property or person of any other.

Therefore this means that the purchaser is insured against death or injury (caused by his vehicle) to pedestrians, occupants of other vehicles, and outsiders other than passengers, for unlimited amounts. Passengers of private vehicles and pillion riders are also deemed covered.

It also includes death or injury (caused by your vehicle) to the vehicle's drivers, cleaners, conductors, coolies, employees used in the operation of the vehicle.

And finally all liability to passengers carried in the vehicle for hire or reward [this means that as an owner of a taxi, bus or auto-rickshaw, the purchaser is insured against death or injury (caused by his vehicle) to the passengers.

It is important to note that determination of the quantum of third party payouts in the event of a liability toward human injury or death, is solely through a court of law and the insurer has no say in this regard.

- **What is transit insurance?**

This is a kind of cover that insures a vehicle against damage that may occur during transport of the vehicle by any means other than its own propulsion. The risk of damage when self propelled is covered in comprehensive insurance. Transit insurance cover is automatic in case of a comprehensive cover.

Where this kind of cover needs to be purchased in the absence of a comprehensive cover it is strictly a Point to Point cover that expires upon reaching the destination. The premium calculation is dependant on distance, mode of transport and vehicle value.



- **Can a policy be renewed even after expiry of the previous policy?**

Yes, this is possible. However in this instance it is necessary that a person authorized by the insurer inspects the vehicle and certifies its condition. This process also requires photographs of the vehicle to be recorded by the inspecting officer for purposes of authentication in the event of an inquiry.

However, a gap that exceeds 90 days prohibits the transfer of any applicable NCB.

- **Does a renewal have to be with the same insurance company?**

Not at all. Renewal may be with any insurance company of choice. All facilities that the existing insurer may have offered remain valid even with the new company.

- **What are the immediate steps in the event of theft of the vehicle?**

File an FIR with the police. Inform the insurance company. Subsequently in the event of the vehicle remaining untraceable procure from the relevant Investigating Officer or empowered authority a Vehicle Non Traceable certificate. This is then to be submitted to the insurance company along with all necessary documents substantiating the event.

- **What is earliest a policy may be renewed prior to expiry?**

Thirty days ahead of expiry.

- **What are the pre requisites for a claim?**

The Insurance Policy must be valid at the instant of damage, the driver of the vehicle at the time of incident must hold a valid Driving license, the vehicle must be Registered in the name of the insurer. In instances where the vehicle is with a Temporary Registration [T/R], submission of the insurance copy and invoice copy is sufficient.

- **Is an FIR necessary in all cases?**

No. This is dependant on the incident and the kind of injuries caused by the accident.

- **What is the minimum time for claim to be processed?**

There is no way to answer this specifically. This depends on the insurance company and the complexity of the claim.

- **Is there a lifetime insurance cover?**

There is no such thing as a lifetime cover policy.

- **Can a retro fit gas kit be included into the cover?**

Yes. The RC suitably endorsed by the RTA along with the original proof of purchase of the Kit should be submitted to the insurance company for amendment to the policy.

The insurance company shall, upon remittance of a fee of 5% plus 12.24% service tax , on the value of the LPG/CNG kit, make such amendment.

- **In the event of a claim is all the damage covered fully?**

Normally all insurance companies have a policy of depreciation on the damaged parts. Therefore reimbursement normally occurs net of this. The balance is to be made up by the insured. The table below sets out the schedule and categories.and for glass according to the claim schedule.

Age of Vehicle	Plastic & Rubber	Metal
Not exceeding 6 months	50%	Nil
Up to 1 year	50%	5%
Up to 2 years	50%	15%

- **Is comprehensive cover mandatory by law?**

No it is not. Third party cover is compulsory. However, it is always recommended that comprehensive cover is purchased.

Disclaimer: The team at Dr.Car has exhaustively researched and compiled the above list and believe it to be accurate. However, we do not endorse it as wholly accurate nor entirely complete. We do not undertake any liability in the event of any inaccuracy. You are urged to kindly verify all information to your best satisfaction prior to decision.


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