

FAQS on Car Insurance

If you have any questions about procuring car insurance with Mahindra First Choice Wheels, read on:

Is it necessary for me to have auto insurance?

Yes, it absolutely is. According to the Motor Vehicle Act, every motor vehicle plying on the road has to be insured, with a 'liability only' policy at the very least.

What is a cover note?

A cover note is a temporary insurance document establishing proof of insurance that you may use to register your vehicle with. A cover note is valid for 60 days from the date of its issuance and is replaced by an insurance policy.

What are the different types of auto insurance available?

There are 2 types of covers available:

1. Liability only cover – This cover insures you against any legal liability following an accident involving your vehicle. It does not cover any damage to your vehicle.
2. Package cover – This cover insures all liabilities as per the Motor Vehicles Act, as well as damages caused to your vehicle.

What is covered under a package/comprehensive policy?

The following is covered under a package/comprehensive policy:

Own damage to the insured vehicle caused by:-

- Accident by external means
- Fire, explosion, self-ignition and lightning
- Transit by road, rail, inland waterway, air, lift
- Burglary, house breaking or theft
- Terrorism, riots, strikes or malicious acts
- Earthquake, flood, storm, landslide, rockslide

Third party liability:-

- Injury or death of third party
- Property damage (TPPD up to Rs. 7.5 Lacs)

Personal accident:-

- Personal accident for owner driver (sum insured - Rs. 2 lacs)

It also includes reimbursement of towing charges, up to Rs. 1500 for cars, Rs. 300 for two wheelers and Rs. 2500 for commercial vehicle or actuals, whichever is lower.

What are the different classes of vehicles that can be insured by a motor insurance company?

A motor insurance company normally provides both, comprehensive and liability only policies for the classes of vehicles mentioned below:

- Private cars
- Two wheelers
- Commercial vehicles
- Goods carrying vehicles (GCV)
- Trailers
- Passenger carrying vehicles (PCV)
- Miscellaneous and special types of vehicles

What documents do I need to submit when buying insurance for my vehicle?

The documents required by the insurance company to insure your vehicle or to renew the existing insurance differ from case to case. Generally, the insurance company may ask you for the filled-up and signed proposal form, cheque for premium amount, copy of RC Book, copy of existing insurance policy etc. In addition, the insurance company may also ask you to provide some other documents, as it deems fit.

The insurance company may also want to inspect your vehicle before insuring it. Please note that insurance on a vehicle is not valid unless the required amount of premium is received and realized by the concerned insurance company and the cover note has been issued by the insurance company.

For the insurance to be valid, the concerned cheque/ DD would need to be cleared in the bank, the required documents have to be submitted to the insurance company, and the cover note should have been issued by the insurance company.

Is there anything in specific that the motor policy does not cover?

The following factors are not covered under the motor policy:-

- Wear & tear
- Mechanical or electrical breakdown, failure
- Depreciation, any consequential loss
- Driving under the influence of liquor or drugs
- Loss or damage attributed to war, mutiny, nuclear risks
- Any contractual liability

What does IDV (insured's declared value) mean?

The insured's declared value (IDV) of the vehicle will be deemed to be the 'sum insured' and it will be fixed at the commencement of each policy period for each insured vehicle.

The IDV of the vehicle is to be fixed on the basis of the manufacturer's listed selling price of the brand and model, as the vehicle proposed for insurance at the commencement of insurance/renewal and adjusted for depreciation (as per schedule specified below). The IDV of the said car(s) and / or accessories, if any, fitted to the vehicle but not included in the manufacturer's listed selling price of the vehicle is also like-wise to be fixed.

AGE OF THE VEHICLE	% OF DEPRECIATION FOR FIXING IDV
Not exceeding 6 months	5%
Exceeding 6 months but not exceeding 1 year	15%
Exceeding 1 year but not exceeding 2 years	20%
Exceeding 2 years but not exceeding 3 years	30%
Exceeding 3 years but not exceeding 4 years	40%
Exceeding 4 years but not exceeding 5 years	50%

How is the premium calculated?

The premium is calculated on the basis of the make/model of your vehicle, its age, place of registration, fuel type and insured declared value (IDV).

The premium is also subject to certain deductions based on the age and occupation of the insured person and the 'No Claim Bonus' (NCB) earned by the insured during the policy period. You will need to submit documents or particulars to make use of these discounts.

You may have to pay an additional premium if you want extended coverage for personal accident, electrical / non electrical accessories, etc.

What is a No Claim Bonus (NCB)?

Quite simply, a No Claim Bonus is a discount in the own damage premium payable when renewing your policy after a claim-free year. It can be said that it is an incentive for you to drive carefully and avoid accidents.

ALL TYPES OF VEHICLES	% OF DISCOUNT ON OWN DAMAGE PREMIUM
No claim made or pending during the preceding full year of insurance	20%
No claim made or pending during the preceding 2 consecutive years of insurance	25%
No claim made or pending during the preceding 3 consecutive years of insurance	35%
No claim made or pending during the preceding 4 consecutive years of insurance	45%
No claim made or pending during the preceding 5 consecutive years of insurance	50%

Is my 'No Claim Bonus' discount transferrable?

Yes. In the event that you want to shift your insurance policy from one company to the other, you can transfer the No Claim Bonus accrued on your previous policy. You can enjoy the full benefit as you would, with your previous insurer.

Can I pay the premium for my auto insurance in instalments?

No, the law (Insurance Act, 1938) does not permit an insurance company to accept auto insurance premiums in instalments.

If I add accessories like a music system in my vehicle during the policy period, are they also covered?

This is entirely at the discretion of the insurance company. You will need to make a written request to the insurance company, with a description of the accessories, along with their value. There is a chance that you may also have to pay an additional premium for this.

What are the different types of personal accident covers available for drivers and passengers?

An owner-driver is provided with personal accident cover of up to Rs. 2 lacs (for cars)/Rs. 1 lac (for two-wheelers). This cover can also be extended to paid drivers and persons travelling in the vehicle, on a named as well as unnamed basis.

How do I renew my policy?

You can renew your policy through the Mahindra First Choice Wheel's store, from where you bought your car / policy.

Do I need lodge an FIR in case of an accident?

You will need to lodge an FIR in case of the following circumstances:-

- Any third party personal injury or death, due to an accident involving your vehicle.
- Any personal injury or death of a paid driver.
- Any personal injury or death of an owner-driver.
- Any personal injury or death of a passenger.
- Any third party property damage.
- Theft of the entire vehicle.
- Theft of accessories, stereo-recorders, other vehicle parts.
- Any loss or damage to the vehicle by miscreants, rioters, terrorists, arsonists, etc.

What documents do I need to submit when I make a claim?

When making a claim, you will need to submit a claim form, along with the following documents:

- A copy of your vehicle's registration book.
- A copy of the driving license of the person driving the vehicle at the time of the accident.
- An estimate of the repairs.
- A copy of the police FIR/ *panchnama* in case of theft, or any third party personal injury/death or property damage.
- If the vehicle is declared a total loss, either due to an accident or theft, you will also have to provide the following documents - RTO transfer papers, original RC book, original insurance policy, the vehicle's original keys, a No Objection Certificate (NOC) issued from you for the transfer of the vehicle, a letter of indemnity on judicial stamp paper and a letter of subrogation on judicial stamp paper.
- Any other documents asked for, by the insurance company.

What does the term 'total losses refer to?

The term 'total loss' refers to the damage to your vehicle due to an accident, where the cost of repairs amounts to more than 75% of the IDV on your policy.

DISCLAIMER:

Kindly note that the text matter mentioned above is only a general guideline on motor insurance. For specific details, please contact your insurance advisor.

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