

Soon, you could buy vehicle insurance through ATMs!

G Naga Sridhar

IRDAI move aims at easy access for vehicle owners; motivate more to buy policies

Hyderabad, January 6:

Soon, it may be possible to buy vehicle insurance through bank ATMs.

The Insurance Regulatory and Development Authority of India (IRDAI) plans to permit insurance companies tie up with banks in this regard, its Executive Director Sriram Taranikanti told *BusinessLine*.

To begin with, the mandatory motor third-party insurance will be made available through ATMs.

“There are seven crore vehicles plying without insurance, creating a huge social and economic hazard for victims of road accidents, and this needs to be curtailed,” the official said. This also dilutes the safety net and has adverse impact on the compensation available for the common man in case of any grievous injury arising out of use of uninsured vehicles.

The total number of registered vehicles in the country are 15 crore, according to the latest data.

While insurance is automatically bought at the time of vehicle buying, owners fail to renew it after the first year.

The regulator is of the view that easy access to purchase of insurance might ensure better compliance.

As the premium rates for third-party insurance are generally fixed and uniform, there is no question of much competition. The lowest premium for third-party insurance is about Rs. 500. On this basis, if all vehicles are insured, it will generate a premium income of Rs. 3,500 crore. If one adds up the higher premium for some classes of vehicles, the combined premium income generation could be around Rs. 5,000 crore. “Indirectly, this will also trigger demand for own damage component of insurance which might benefit the industry,” Taranikanti said. The total size of vehicle insurance segment in the country is about Rs. 15,000 crore.

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As most of the banks are already distributing insurance products, making them available is not a big issue for banks and insurers, he felt. The Know Your Customer (KYC) norms are not mandatory while taking a motor insurance policy.

The IRDAI is also actively considering sale of insurance at mobile pollution check centres as part of exploring ways to address the online connectivity issue, which is a must for issuing policies.

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