

Online automobile insurance sales doubles due to new motor vehicles law enforcement

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90 per cent of the policies sold in the last three days belong to consumers with lapsed plans, says PolicyBazaar

Online sale of auto insurance policies has more than doubled since the new motor vehicles law that imposes stricter penalties for traffic rule violation came into force from September 1.

According to insurance web aggregatorm, PolicyBazaar, 90 per cent of the policies sold in the last three days belong to consumers with lapsed plans.

The issuance of two-wheeler and four-wheeler insurance has more than doubled through the aggregator website.

“We are selling nearly 30,000 motor insurance policies every day on our platform since the new amended Act came into force, this is more than double of what we would sell on a daily basis,” Policyabzaar.com Chief Business Officer-General

Insurance Tarun Mathur told PTI.

The renewal for lapsed motor insurance plans is the biggest contributor for these sales, he said.

What does the new Motor Vehicles Law entail?

The Motor Vehicles (Amendment) Bill, 2019, was passed by Parliament in July. Under the amended Act, the penalty for driving without insurance has been doubled from Rs 1,000 to Rs 2,000 for the first-time offenders and has gone up by 4 times for second-time offenders to Rs 4,000.

“The Motor Vehicles (Amendment) Act, 2019 has come up in a positive light towards traffic rules. The swelling in the number of motor insurance buyers in the last 3 days is telling of the fact that consumers are cognizant of the heavy increase in penalties and are proactively insuring their cars and consequently protecting their own cars and the financial damage to any third party in a road mishap,” he said.

According to an estimate, of the total 19 crore registered vehicles on Indian roads, only 8.26 crore are insured as people often do not bother to renew their policy after initial years.

In case of two-wheeler, the number is as high as 70 per cent while for four-wheelers it is 30 per cent.

On the first day of roll-out of the new law, Delhi Police issued 3,900 ‘challans’ to traffic rule violators, as per reports.

The new motor vehicles law also includes several other stringent measures to increase awareness and road behaviour. Not wearing seat belt, drunk and dangerous driving, over-speeding, jumping red lights, driving without insurance and overloading vehicles will also attract higher penalties.

Now, if two-wheeler owners are caught riding without helmets, they will not only have to pay a fine of Rs 1,000 but would also have their licences suspended for three months.

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