



Do You Own a Taxi?

And are you weighing your insurance options?

Do you own a commercial vehicle and looking to know more about its insurance? Firstly, know that not all vehicle insurance policies are created equal. When you are looking to protect commercial vehicles, the requirements and needs are much different than for a car meant for personal use. How can you be sure you understand those requirements and have the protection you need? In this report we look at the various aspects of insurance for your vehicle, to help you understand the concept in its totality—including the add-on covers and the exclusions that we may be prone to miss or dismiss.

– Subas Tiwari & Gopal Ravi Kumar

What Does the Package Policy Offer?

◆ Insurance cover for third-party liability

Liability is covered for an unlimited amount in respect of death or injury and damage to third-party property, for Rs 750,000 for commercial vehicles and Rs 100,000 for scooters/motorcycles.

◆ Cover for loss or damage to vehicle

Insurance is provided for loss or damage to the vehicle and its accessories caused due to

- Fire, explosion, self-ignition or lightning
- Burglary, house-breaking or theft
- Riot or strike
- Malicious act
- Terrorist act
- Earthquake damage (fire and shock)
- Flood, typhoon, hurricane, storm, tempest, inundation, cyclone and hailstorm
- Accidental external means

- While in transit by road, rail, inland, waterway, lift, elevator or air
- By landslide/rockslide

◆ Towing facility for disabled vehicle

The policy pays for towing charges from the place of accident to the workshop, up to a maximum limit of Rs 300 for scooters/motorcycles and Rs 1,500 for cars and commercial vehicles.

Add-On Covers

The following additional covers are offered as optional (on payment of additional premium) by various insurance companies:

- Personal accident cover for owner driver
- Personal accident cover for paid driver
- Personal accident cover for passengers
- Cover for lamps, tyres/tubes, mudguards, bonnet, bumpers
- Electrical/Electronic accessories
- Legal liability to paid driver
- Legal liability to passengers
- CNG/LPG kit
- EMI cover
- Daily allowance benefit
- No-claims bonus (NCB) protection
- Zero depreciation

The Major Exclusions

1. Any accidental loss or damage and/or liability caused, sustained or incurred outside the geographical area
2. Any claim arising out of any contractual liability
3. Any accidental loss/damage and/or liability caused, sustained or incurred whilst the vehicle insured herein is
 - a) being used otherwise than in accordance with the 'limitations as to use', or
 - b) being driven by or is for the purpose of being driven by him/her in the charge of any person other than a driver as stated in the driver's clause
4. a) Any accidental loss or damage to any property whatsoever or any loss or expense whatsoever resulting or arising there-from or any consequential loss
 - b) Any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel (combustion to include any self-sustaining process of nuclear fission)
5. Any accidental loss/damage or liability, directly or indirectly caused by or contributed to by or arising from nuclear weapons material
6. Any accidental loss/damage liability directly or indirectly or proximately or remotely occasioned by/contributed to/by or traceable to or arising out



of or in connection with war, invasion, the act of foreign enemies, hostilities or war-like operations (whether before or after declaration of war), civil war, mutiny, rebellion, military or usurped power, or by any direct or indirect consequence of any of the said occurrences

Filing of Claims

The increasing number of accidents and incidents of vehicle thefts has made it essential for policyholders to know how to file vehicle-insurance claims.

When the accident happens, call your insurance company representative as soon as possible—even if you are away from home or someone else caused the accident. It does not matter where the accident takes place. If your vehicle insurance policy is in force, you remain insured throughout the country.

In case of vehicle theft, inform your insurance company’s representative immediately after lodging an FIR (first information report). Your insurance company will handle the claim process as your advocate.

Here’s the information you need to submit while filing a claim:

- Your contact numbers
- Car insurance policy number
- Name of insured person
- Date and time of accident



- Vehicle number
- Make and model
- Location of loss
- Brief description of how the accident took place
- Name of driver
- Place and contact details of the insured person if the person intimating the claim is not insured

In accident cases—

- a) Note the number of the other vehicle involved in the accident.
- b) Note down the names and contact details of witnesses.
- c) Contact the toll-free number of your insurer and get your claim number/reference number.
- d) If the claim intimation is delayed, your insurer has the right to reject the claim.
- e) In case of vehicle theft, the insurance company should at least be informed on the phone right after you inform the police. The written intimation can follow later.
- f) You need to check with your insurance company representative on how to proceed and what forms or documents will be required to support your claim. No repair should be done before survey of the vehicle.

The following documents will need to be submitted for accident claims:

- Claim form duly signed
- Registration certificate (RC) copy of the vehicle
- Driving license copy
- FIR
- Original estimate
- Original repair invoice and payment receipt

Your insurance company may require a ‘proof of loss’ form as well as documents relating to your claim (such as medical and car-repair bills and a copy of the police report). Supply all the information to process your claim.

Maintain a record of all your expenses as a result of the accident which may be reimbursed under your policy. Some insurers also provide cashless facility for repair of your vehicle.



Documents Required for Filing a Theft Claim

- Claim form duly signed
- RC copy of the vehicle with original keys
- Driving license copy
- Policy copy
- Original FIR copy
- RTO transfer papers duly signed along with Forms 28, 29, 30 and 35 (if hypothecated)
- A no-trace report from the police saying that the vehicle cannot be located

Claim Procedure

Although filing a claim is a simple process, it is important to do it properly or else the claim can become null. After you submit your claim form and the relevant documents, the insurer appoints a surveyor to inspect your vehicle and submit his/her report to the insurance company. You also get the details of the surveyor's report.

No repair should be done before survey of the vehicle. Survey will be arranged on receipt of claim intimation and submission of detailed estimate of repairs from the repairer. In case of major damage to the vehicle, the insurer arranges for a spot survey at the site of accident. You can undertake repairs only on completion of the survey. Once the vehicle is repaired, submit duly signed bills/cash memos to the insurer.

Some insurers have the surveyor re-inspect the vehicle after repairs. In such cases, you should pay the

garage expenses and obtain a proof-of-release document (this is an authenticated document signed by you to release the vehicle from the garage after it is repaired).

Once the vehicle has been released, submit the original bill, proof of release and cash receipt from the garage to the surveyor. The surveyor sends the claim file to the insurance company for settlement along with all the documents. Finally, the insurance company reimburses your claim.

Takeaways for Consumers

- a) Install a GPS to track movement/location of vehicle.
- b) Pay road permit tax only as and when needed.
- c) Go for a commercial tie-up to minimise running losses.
- d) Get your taxi serviced only from authorised service centres (not from roadside repair shops).

Why Running a Commercial Taxi Is Popular?

- It can be used for business purposes and to earn a considerable business income.
- If you own a car that stays idle for a large part of the day, you can convert it into a commercial taxi and employ a driver with commercial license.
- In leaner months when business is slack, the car can be used for personal use with the help of a commercial driver.
- It can be attached to a cab company, a private goods carrier, or a travel company.

For the comparative assessment, we chose eight plans based on consumer feedback and product structure. The parameters on which we have compared them include personal accident cover for owner driver and for paid driver, personal accident cover for passengers, cover for lamps, tyres/tubes, mudguards, bonnet, bumpers, electrical/electronic accessories, etc., EMI cover, NCB protection, daily allowance benefit, legal liability to paid driver and to

passengers, cover for CNG/LPG/biofuel kits, cover for parts of engine, car key replacement, and discount for customisation of vehicle for the visually impaired/physically or mentally challenged.

We gave high weightage (10 points) to consumer feedback, which helped in determining product quality as well as the most important and beneficial variables. These variables have a direct bearing on the product structure.

COMMERCIAL VEHICLE (TAXI) PACKAGE POLICIES:

CV Weightage (Criteria) Points – 100	Commercial Vehicle (Taxi) Package Policy	ICICI Lombard	Reliance	
For Information Only	Loss of/Damage to Vehicle	Yes	Yes	
	Liability to Third Parties	Yes	Yes	
	Towing Disabled Vehicle	Yes	Yes	
10	Personal Accident Cover for Owner Driver	Yes (10)	Yes (10)	
5	Personal Accident Cover for Paid Driver	Yes (5)	Yes (5)	
10	Personal Accident Cover for Passengers	Yes (10)	NAT (0)	
5	Cover for Lamps, Tyres/Tubes, Mudguards, Bonnet, Bumpers	Yes (5)	Yes (5)	
5	Electrical/Electronic Accessories	Yes (5)	Yes (5)	
5	Legal Liability to Paid Driver	Yes (5)	Yes (5)	
5	Legal Liability to Passengers	Yes (5)	Yes (5)	
10	CNG/LPG/Biofuel Kits	Yes (5)	Yes (5)	
5	EMI Cover	NAT (0)	Yes (5)	
5	Daily Allowance Benefit	Yes (5)	Yes (5)	
5	NCB Protection	Yes (5)	NAT (0)	
5	Zero Depreciation	Yes (5)	Yes (5)	
5	Discount for Customisation of Vehicle for the Visually Impaired/Physically or Mentally Challenged	Yes (5)	NAT (0)	
5	Car Key Replacement	Yes (5)	NAT (0)	
5	Parts of Engine	Yes (5)	NAT (0)	
10	Consumer Feedback	5	3	
	Total	85	58	

Notes:

a) Information given here has been sourced from websites and brochures.

CV RECOMMENDATIONS

Best Buy
ICICI Lombard
Good Buys
Reliance General
HDFC Ergo

Fair Buys
Tata AIG
Chola MS

A COMPARATIVE CHART

	HDFC Ergo	Tata AIG	Chola MS	Royal Sundaram	The New India Assurance	Oriental Insurance
	Yes	Yes	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes	Yes	Yes
	Yes (10)	Yes (10)	Yes (10)	Yes (10)	NAT (0)	Yes (10)
	Yes (5)	Yes (5)	Yes (5)	NAT (0)	Yes (5)	NAT (0)
	Yes (10)	NAT (0)	NAT (0)	NAT (0)	Yes (10)	NAT (0)
	Yes (5)	Yes (5)	Yes (5)	Yes (5)	NAT (0)	Yes (5)
	Yes (5)	Yes (5)	Yes (5)	Yes (5)	NAT (0)	Yes (5)
	Yes (5)	Yes (5)	Yes (5)	Yes (5)	NAT (0)	NAT (0)
	Yes (5)	Yes (5)	Yes (5)	Yes (5)	Yes (5)	NAT (0)
	Yes (5)	Yes (5)	Yes (5)	Yes (5)	Yes (5)	NAT (0)
	NAT (0)	Yes (5)	NAT (0)	NAT (0)	NAT (0)	NAT (0)
	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)
	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)
	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)
	Yes (5)	NAT (0)	Yes (5)	Yes (5)	NAT (0)	NAT (0)
	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)
	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)	NAT (0)
	2	4	3	5	7	6
	57	49	48	45	32	26

b) Sum assured and premium are dependent on individual covers opted for, and hence no comparative analysis is given here.

c) NAT – not ascertainable

Difficult Terminologies Explained

Legal liability (as applicable to commercial vehicles [taxis] excluding goods carrying and buses)

- Legal liability to non fare-paying passengers other than statutory liability (except the Fatal Accidents Act, 1855)
- Legal liability to non fare-paying passengers who are not employees of the insured
- Legal liability to fare-paying passengers excluding liability for accidents to employees of the insured arising out of and in the course of their employment
- Legal liability to paid driver and/or conductor and/or cleaner employed in connection with the operation of the motor vehicle

EMI cover (this add-on cover is applicable only if it is mentioned in the policy schedule)

- The company will indemnify the insured to pay, on occurrence of the covered event (if as a result of an accident to the insured's vehicle, the vehicle is required to be kept in any of the company's authorized garages for repairs of more than 30 consecutive days) EMI amount(s) falling due in respect of the auto loan, subject to maximum sum insured.

Daily allowance (garage cash) benefit (this add-on cover is applicable only if it is mentioned in the policy schedule)

- The company will make an allowance to the insured for loss of use of the insured vehicle due to risks covered in the policy schedule, up to a maximum of seven days.

No-claim bonus (NCB) protection

- The insured will be entitled to NCB as per the policy schedule, up to a maximum of 50 per cent, in spite of claims made on the policy (maximum of not more than three claims on the policy).

Nil depreciation

- The company undertakes to deduct no amount for depreciation in case parts are replaced on account of damage to the vehicle insured and/or to its accessories (shall be applicable to the first two [2] claims during the policy period and any subsequent claim[s] shall be subject to a deduction for depreciation at the rates mentioned in the policy terms and conditions).

Government may soon cap life of commercial vehicles at 20 years

Effective 2020, the Centre's vehicle-scraping policy may become compulsory for all commercial vehicles and their life will be capped at 20 years. There is also a plan to get the GST Council to consider a lower tax on new commercial vehicles bought against a scrapped one, from the current GST rate of 28 per cent to 12–18 per cent.

Vehicle manufacturers may also offer a discount on purchases against scrapped vehicles.

Once the Cabinet approves the scheme and till the deadline of 2020 kicks in, owners of vehicles older than 20 years can voluntarily scrap their commercial vehicles and receive a discount on the purchase of new ones.

India has nearly 700,000 trucks, buses and taxis that were manufactured before 31 December 2000 and these contribute about 15–20 per cent of vehicular pollution (AT Kearney-CPCB-Union Road Ministry on emission norms). The Government expects 350,000 vehicles to be scrapped in the next two to three years.

The steel ministry along with NITI Aayog has been directed to draft a policy to promote establishment of recycling and shredding centres.

Source: HT, 17 March 2018