

Usage-Based or Telematics Car Insurance in India

by IFFCO Tokio General Insurance



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"Whether car or motor insurance, telematics is often referred to as usage-based insurance. With the introduction of telematics solutions, the insurance industry in India is going to witness a transformation in motor insurance. Our endeavor is to improve customer service & give customers the flexibility to choose their insurance premium based on their driving behaviour using telematics."

Telematics insurance is an insurance where a device is fixed in the vehicle and the data is taken from the vehicle. The data which is generated contains various elements such as the distance traveled by a car, the pattern or in other words the daily route which is followed, and also driving parameters such as -the driving behaviors of drivers (Rough Driving, Soft Driving, Rash Driving, etc.). Further to these fast acceleration, hard braking, cornering, and airbag deployment are tracked by the device.

Insurers take this information from the car's device and can determine what discounts they can offer to the insured in regard to the driving pattern.

As this is technology based and a device is installed in the vehicle, there are several advantages associated to it. Here're some

a) Device:

- ❖ As a device needs to be installed in the vehicle and these being external device, it helps in monitoring the driving pattern of the driver
- ❖ The device can provide realtime data at the time of an accident

- ❖ This will prevent unauthorized usage of the said vehicle
- ❖ At the time of theft of the vehicle the said can be tracked and will help in faster recovery of the vehicle and reduce claims outgo

b) Benefits for Insurer:

- ❖ The device will increase the business productivity of the insurers
- ❖ This will reduce the operating expenses
- ❖ Monitoring the location and speed of the vehicle
- ❖ Premium discount for good drivers and re-designing of the policies for such good drivers to encourage discount in premium
- ❖ Such device helps in theft protection and break down location update on real time basis which helps in better customer service and high customer satisfaction.
- ❖ Reduction of fraud claims is possible due to the said device.

c) Availability:

- ❖ Awareness of such technology driven practice is currently available in Tier 1 cities, Tier 2 and Tier 3 cities the said awareness needs to be promoted as this will enable the spread across the country. □

