

IFFCO TOKIO
POLICY ADD-ON WORDINGS

DEPRECIATION WAIVER

Background

Standard Motor Package Policy has certain limitations in respect to the coverage for depreciation which is deducted on replacement of parts. As for certain parts of the damaged vehicle insured has to bear the depreciation amount in final claim settlement right from the day one, ex. plastic & fibre parts. Once the vehicle is more than 6 months old, insured has to bear another type of depreciation which is depreciation on the metal parts. Since these are the major parts which get damaged and need to be replaced during an accident and these constitute a major portion of the vehicle's body and the percentage of depreciation charged on these parts are quite high, the Insured has to bear this loss on his/her own account.

In order to provide the Insured an option of covering all such parts without application of the depreciation, this cover has been envisaged.

Coverage

In the event of accidental damage to the Insured Vehicle as per Section B "Scope of Coverage" IFFCO-TOKIO will provide the benefits of 'Depreciation Waiver' subject to the following conditions:

- a) IFFCO-TOKIO will pay the Amount/Value deducted towards depreciation on parts of Insured Vehicle as per the Survey Report, in case of partial loss claim settlement under Own Damage section of Standard Motor Package Policy for Private cars, Two Wheelers and Commercial vehicles respectively, which is insured with IFFCO-TOKIO by Insured.
- b) The benefit of Depreciation Waiver will be provided only if the replacement of part(s) is/are necessary. This benefit will not be used to change any or each part of Insured vehicle. The irreparability of part(s) will be decided by the surveyor and approved by IFFCO-TOKIO.

Exclusions:

IFFCO-TOKIO will not be liable for:

- a) Any excess of Standard Motor Package Policy or any excess of this Coverage.
- b) Any partial payment of amount deducted towards depreciation i.e. less than or part of the percentage mentioned in the item 1), 2), 3) and) 4 of Section 1: Loss of/or damage to the vehicle insured, of Standard Motor Package policy for Private Car, Two Wheeler and/or Commercial Vehicle as the case may be unless IFFCO-TOKIO have decided to provide the limited coverage of depreciation waiver.
- c) More than 2 (two) claims in respect of Commercial Vehicles and more than 3 (three) claims in respect of Private Cars and Two Wheelers in any one policy period for full 365 (Three Hundred and Sixty Five) days and for more than 1 (One) claim for all classes of vehicles in respect of policies issued for less than 365 (Three Hundred and Sixty Five) days, unless IFFCO-TOKIO have decided to change or do away with this exclusion.

Underwriting Guidelines:

The add-on coverage for Depreciation Waiver should be considered in the view of loss ratio of Standard Motor Package policy of relevant model, make, age, location, fuel type etc. Further, the following factors should be kept in mind:

1. The IDV (Insured Declared Value) should be kept in mind as the reduction in IDV (Insured Declared Value) beyond the limit will deteriorate the loss ratio, because with reduction in IDV, the premium goes down and it will increase the loss ratio. Further, reduction in IDV (Insured Declared Value) has no bearing on partial losses and the outgo is the same.
2. The vehicle which is having more of plastic, fibre parts comparatively should be avoided, as it will entail higher outgo on account of coverage of depreciation for these parts.
3. Obsolete vehicles- The vehicles which are out of production particularly more than 3 (Three) years in age should be avoided this coverage, as the IDV of these vehicles are quite low and it leads to lower premium. Therefore, any obsolete vehicle should only be granted for this cover after loading the final premium by a minimum of 15% (Fifteen Percent).
4. Any coverage for this depreciation waiver should be given after proper pre-inspection, if the previous year insurance was not having this coverage. The waiver for pre-inspection requirement can be done only by Corporate Office, IFFCO-TOKIO.
5. The vehicles with age '0' and above 5 years are a good risk and this cover should be encouraged. However, vehicles with age between 1-4 years have adverse loss ratio i.e. this cover should be offered only to vehicles with good claim history.

ENGINE AND GEAR BOX PROTECTION COVER

Background:

India is a country which is having a monsoon period extended up to 3-4 months in a year. In the monsoon period in geographical areas which are plain and which do not have a good drainage system, water logging is a major problem, compounded by traffic jams and number of vehicles being used for transportation due to absence of a good public transport system. This does not only create problems of delay, but it leads to damage of vehicles because of water logging as engine and gearbox are not covered due to stoppage of vehicle in water logging areas and ingress of water and fluid in the engine. Standard Motor Package Policy does not cover this risk. Therefore, IFFCO-TOKIO has decided to cover this risk by providing coverage for Engine and Gear Box through Engine and Gear Box Protection Cover.

Coverage:

If there is damage to the internal parts of the Engine and/or to the Gear box of insured vehicle arising out of Water Ingression or Leakage of Lubricant oil due to accidental external means, then IFFCO-TOKIO will pay the cost of repair/replacement of internal child parts of the Engine, Gear box such as cylinder heads, crank shaft, connecting rods, piston and piston rings, gear and shafts including labour charges for overhauling the engine and/or gear box, reboring/lathe work of engine cylinder, compression tests and other mechanical charges.

Special Conditions:

IFFCO-TOKIO will provide the benefit of 'Engine and Gear Box Protection Cover' subject to the following special conditions:

- a) Insured or anyone driving on Insured's behalf with Insured's consent should avoid driving the vehicle through water logged areas as far as possible. If it is unavoidable, the vehicle should be driven in low gear and /or high engine RPM (Revolutions per Minute).
- b) Insured or anyone driving on Insured's behalf with Insured's consent should not try to crank or push start the engine once the vehicle has stopped in the water logged area.
- c) Insured or anyone driving on Insured's behalf with Insured's consent should intimate IFFCO-TOKIO's nearest office, call centre or authorized service/repair center for spot assistance and obtain help from the expert technician.

- d) Insured vehicle to be repaired only at IFFCO-TOKIO's authorized workshop.
- e) There should be material evidence that the vehicle had stopped in water logged area resulting into damage to the engine.
- f) There should be material evidence of under carriage damage to engine and/or gear box resulting into leakage of lubricants causing damage to engine or gear box.
- g) Insured or anyone driving on Insured's behalf with Insured's consent should take all reasonable precautions to avoid any damage or aggravation of damage.
- h) Insured or anyone driving on Insured's behalf with Insured's consent should comply with manufacturer's instructions, guidelines in the right earnest unless the circumstances do not permit.
- i) Any claim under this Part-3 "Engine and Gear Box Protection" will affect the entitlement of availing NCB (No Claim Bonus) as per the Table mentioned on the Schedule of Package Policy for Private Cars, Commercial Vehicles and Two Wheelers, as the case may be.

What is not covered: -

IFFCO-TOKIO will not liable for:

- a) Any damage covered under any other insurance or manufacturer's warranty or Recall Campaign.
- b) Any consequential damage other than damage to internal child parts of the engine and/or gear box as per coverage.
- c) Cost of Engine Oil and Consumables, notwithstanding Consumable Cover (Part 4) opted for, unless IFFCO-TOKIO has agreed to change or do away with this exclusion.
- d) Any damage including corrosion of engine due to inordinate delay in intimating /repair or delay in retrieval of the vehicle from the water logged area.
- e) Any damage where reasonable care was not taken by Insured or anyone on Insured's behalf to protect the loss or damage to the vehicle.
- f) More than 2 (Two) claims of this benefit/coverage in the policy period of 365 (Three Hundred and Sixty Five) days and for more than 1 (One) claim for all classes of vehicles in respect of policies having policy period having less than 365 (Three Hundred and Sixty Five) days, unless IFFCO-TOKIO has agreed to change or do away with this exclusion.

- g) More than 50% (Fifty Percent) of IDV (Insured Declared Value) if the age of the vehicle is less than 4 (Four) years and more than 35% (Thirty Five Percent) of IDV (Insured Declared Value) if the age of the Insured Vehicle is 4 (Four) years or more, unless IFFCO-TOKIO has agreed to change or do away with this exclusion.

Underwriting Guidelines

The vehicle, Area of operation of vehicle, Insured's location, Age of vehicle and the Condition and height of the vehicles should be seen while granting this cover.

Factors to be considered:

- a) Model and Make of the vehicle
- b) Height and ground clearance of the vehicle
- c) Insured's parking location
- d) Age of Vehicle
- e) Servicing and maintenance record of the vehicle
- f) Climate Conditions near Insured's location
- g) This cover is not applicable for Two Wheelers.

This cover should not be granted midway the policy period without permission of Corporate Office. Further, any coverage on short period basis is not allowed and any coverage during the heavy monsoon period in areas prone to water logging should be avoided.

NEW VEHICLE REPLACEMENT

Background

In case of a claim for total loss or theft of the vehicle, standard motor package policy will only compensate for the Insured Declared Value (IDV) of the vehicle. IDV of the vehicle keeps on depreciating, based on the age of the vehicle. Thus in case of a total loss or theft of the vehicle, cost for replacing the older vehicle with the new one, can be considerably high i.e. there can be a huge difference between the claim amount (IDV) received against the earlier vehicle and the current manufacturer selling price of similar type of vehicle.

It can be a very difficult for the insured to arrange the funds and bridge this gap. To provide a solution to this problem, IFFCO-TOKIO has devised this Add-on cover to enable the insured to buy a new car of similar price range.

Coverage

If there is accidental damage and/or loss of Insured Vehicle as per Section 'B' "Scope of Coverage", IFFCO-TOKIO will provide the benefit of 'New Vehicle Replacement' subject to the following conditions:

- a) If the Insured Vehicle becomes a Total Loss/Constructive Total Loss within the prescribed age of the vehicle as stipulated by IFFCO-TOKIO, IFFCO-TOKIO will pay for the actual amount difference between the IDV (Insured Declared Value) of the Insured Vehicle and the current Manufacturer Selling Price (MSP) of a New Vehicle of same make, model, features, specification as on date of accident/loss. The decision to make Total Loss/Constructive Total Loss will be judged by IFFCO-TOKIO after taking into account the economics.
- b) The Insured Vehicle is available for sale as New Vehicle in India and is not out of production; otherwise such vehicles which are out of production, the claim will be settled as per Condition No. (3)(a) for Private Car, Two Wheelers and Condition No. and 4(a) for Commercial Vehicle respectively i. e. Total Loss/Constructive Total Loss claim settlement of Standard Motor Package Policy.
- c) If the insured vehicle goes out of production after commencement of insurance; then IFFCO-TOKIO will pay for the difference between last available Manufacturer Selling Price (MSP) of the Insured Vehicle before the date of accident/loss and IDV (Insured Declared Value).

- d) The last available Manufacturer Selling Price (MSP) for the Vehicle cannot be considered for a date after the settlement of Total Loss/Constructive Total Loss Claim for Insured Vehicle under Standard Motor Package Policy.
- e) **Insurance Cost:** - IFFCO-TOKIO will also pay for insurance cost of own damage section of the new Insurance Policy, on the same terms of insurance, for the same make, model as that of insurance of the Insured Vehicle which is subject to the Total Loss. This payment of Insurance cost will be made after deducting the pro-rata premium of Own Damage Section of Insurance Policy of Insured Vehicle for the period of insurance from the inception of policy period till the date of accident/theft on which the Insured Vehicle has become subject to the Total Loss/Constructive Total Loss and after retention of full third party premium.
- f) **Registration Cost:** - IFFCO-TOKIO will also pay for Registration and Road Tax cost for the New Replacement vehicle, on the same terms, including make, model as that of the Insured Vehicle which is subject to the Total Loss/Constructive Total Loss. This payment of Registration Cost and Road Tax will be made after deducting the cost on pro rata basis from the date of registration of the vehicle till the date of accident/theft on which the Insured Vehicle has become subject to the Total Loss/Constructive Total Loss. IFFCO-TOKIO will pay the Registration cost, after accounting for the necessary refund from the RTO or the concerned authorities unless IFFCO-TOKIO have agreed to do away this condition of refund from the RTO or the concerned authorities on reasonable grounds.

What is not covered:-

IFFCO-TOKIO will not be liable for:

- a) More than actual Amount of difference between Manufacturer Selling Price (MSP) of New Vehicle of same make, model, specification as that of Insured Vehicle and the IDV (Insured Declared Value) for Insured's Insured Vehicle meaning thereby that IFFCO-TOKIO is not liable for the difference between the lower IDV (Insured Declared Value) than the prescribed IDV (Insured Declared Value) by IFFCO-TOKIO under Insured's Standard Motor Package Policy for Insured's vehicle and New Replacement cost of the Vehicle.
- b) Any Claim on account of difference in amount due to change in location of Registration Authority or of insurance zone for the purpose of premium computation from the place for which Registration fees, Road tax and insurance premium was respectively paid in respect of the insured vehicle.

- c) Any claims pertaining to items unless the same are additionally insured and endorsed under the Standard Motor Package Policy.
- d) More than below mentioned percentages of IDV (Insured Declared Value) of the Insured vehicle in the current period of insurance under this benefit of New Vehicle Replacement without taking into consideration of Insurance Cost and Registration Cost mentioned above, unless IFFCO-TOKIO has decided to change or do away with this exclusion.

Table 2 (a)	
Age of the Vehicle	Maximum Liability as % of Sum Insured (IDV)
0 ≤ 1 Year	15%
> 1 Year ≤ 2 Years	27.5%
> 2 Years ≤ 3 Years	37.5%
> 3 Years ≤ 4 Years	52.5%
Above 4 Years	70%

Underwriting Guidelines

- (a) The IDV should not be reduced substantially under the main standard motor package policy, in order to give advantage to insured for buying new vehicle or claiming high amount by paying lower premium under this coverage here. Because here the rates are as much lower as 10% (Ten percent) of the standard cover.

For example: If the MSP of the vehicle is Rs.1 (Rupees One Lac) and the IDV should be Rs. 95 (Ninety Five) Thousand. If the premium rate after discount is 2% (Two Percent) in the Standard Motor Policy, the premium would be Rs. 1900/- (One Thousand Nine Hundred). But if insured opts for Rs. 80 (Eighty) Thousand as IDV, the premium would be Rs. 1600/- (Rupees One Thousand Six Hundred). Here, the insured can take advantage and opt for New Vehicle Replacement cover at the rate of 0.20% (One Fifth of a percent), and he would be paying the premium of Rs. 190/- (One Hundred Ninety). Therefore, the total premium will be Rs. 1600/- + Rs. 190/- = Rs. 1790/- which is lower than the premium of Rs.1900/- under main policy even without adding the premium of New Vehicle Replacement on standard IDV. Therefore, maintaining IDV as per the guidelines is sacrosanct.

- (b) The vehicle beyond 5 years should be given this coverage only if IDV (Insured Declared Value) under Standard Motor Package Policy is strictly as per underwriting guidelines.
- (c) The Vehicle which has anti theft lock mechanism should be considered a preferable risk.
- (d) The Vehicles in hilly area or where there is high risk of terrorist activities should be avoided.
- (e) This coverage can be given only if there are minimum of 3 (Three) coverage taken i.e. 2 (Two) other than this coverage.

CONSUMABLE COVER

Background:

In the main Standard Motor Package Policy the Consumables such as oil, lubricants, filters, nuts, bolts and screws are not covered and in today's time, customer is willing to pay the price for end to end coverage. Therefore, IFFCO-TOKIO has decided to cover these items. However, these items are not covered on standalone basis, but only in case of accidental damage to the vehicle and IFFCO-TOKIO gets a liability in the Standard Motor Package Policy.

Coverage:

In the event of Accidental Damage to the Insured Vehicle(s) as per Section B "Scope of coverage", IFFCO-TOKIO will provide cost of any Consumable item which needs to be replaced if such replacement/repair is necessary and such replacement/repair is taken within 3 (Three) days from the date of accident unless otherwise permitted by IFFCO-TOKIO.

What is not covered: -

IFFCO-TOKIO will not be liable for:

- a) Any claim unless the liability is accepted under Own Damage Section of Standard Motor Package Policy except stated otherwise.
- b) Any claim unless the damaged vehicle is repaired at IFFCO-TOKIO's authorized garages/repair centers.
- c) More than 2 (Two) claims of this benefit/coverage in the policy period of 365 (Three Hundred and Sixty Five) days and for more than one claim for all classes of vehicles in respect of policies having policy period having less than 365 (Three Hundred and Sixty Five) days, unless IFFCO-TOKIO has agreed to change or do away with this exclusion.
- d) Any liability on more than per unit basis in case of fastener.
- e) Any Consumables falling under the Engine And Gear Box Protection Cover (Part 3)

LOSS OF KEY COVER

Background:

Today the technology has footprints everywhere and even in the motor vehicles, the old manual system has given way to new technological sensor based locking system which is expensive and it is difficult to change the keys and/or locking system of the vehicle. Therefore, if the key is lost/damaged, it is not only loss to insured financially, but it makes the insured vehicle susceptible to loss or damage. Therefore, it is in interest to provide this coverage in order to avoid the future loss and/or damage to insured vehicle.

Coverage:

If there is loss of keys of the insured vehicle and/or damage to the lock system of the vehicle due to accidental damage or theft or attempted theft, then IFFCO-TOKIO will pay the cost of car keys, locks including repair and replacement charges, as may deem fit.

Any claim under this Part-5 "Loss of Key Cover" will affect the entitlement of availing NCB (No Claim Bonus) as per the Table mentioned on the Schedule of Package Policy for Private Cars, Two Wheelers and Commercial Vehicles, as the case may be, because there may a situation that IFFCO-TOKIO get a claim from loss of damage of keys, locking system of the vehicle but there is no claim under Standard Motor Package Policy.

What is not covered: -

IFFCO-TOKIO will not be liable for:

- a) Any damage to the lock system of the insured vehicle unless the repair or replacement is carried out in authorized workshops/garages.
- b) Key(s)/ Lock system which are otherwise covered under Manufacturer's Warranty.
- c) Any damage to keys or locks due to wear and tear, any climatic condition, mechanical or electrical breakdown.
- d) Any repair or replacement of locks which were damaged prior to the date, the keys were damaged or stolen.

- e) Any claim, unless it is lodged with IFFCO-TOKIO within 24 (Twenty Four) hours of the date of loss/damage except under circumstances beyond Insured's control in IFFCO-TOKIO's opinion.
- f) Any consequential loss arising out of claim(s) lodged under "Loss of Key" Section.
- g) More than 2 (Two) claims of this benefit/coverage in the policy period of 365 (Three Hundred and Sixty Five) days and for more than 1 (One) claim for all classes of vehicles in respect of policies having policy period having less than 365 (Three Hundred and Sixty Five) days.