

Ref: IRDAI/NL/CIR/MISC/100/05/2022

Date: 13th May, 2022

ALL GENERAL INSURERS (Other than Stand Alone Health Insurers and Specialised Insurers)

Re: Motor Insurance advertisements issued by General Insurers on

- (i) extra services of Third Party Service Providers
(ii) discounts, saving amounts etc.,**

General Insurance Companies enter into service agreements with motor workshops/garages for the purpose of providing motor insurance claim services for repair of accident vehicles. It is noticed that the service agreements in addition to claim services, extend certain assistance services not related to insurance claims such as free pick up and drop of vehicle, body wash, interior cleaning, inspection of vehicle etc.,

2. While the bundling of the above facilities with insurance is left to the motor service providers, the general insurers issuing advertisements on the said services, projecting them as benefits provided within the insurance cover is unacceptable. The main objective of service agreements with motor garages/workshops shall only be providing insurance services for claims of accident vehicles and it cannot arbitrarily expand to include scope of services which are not relevant for insurance claims.

3. A perusal of advertisements issued by a few general insurers showing discounts up to certain percent, saving in the premium etc., and the illustrations provided therein, reveals that the features or benefits are applicable under extreme or exceptional scenarios as defined under Regulation 3 (g) (xiv) of IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021 dated 7th April, 2021. The discounts in certain advertisements are not shown objectively on filed rates but expressed in comparison to rates of erstwhile tariff. This is not to be done.

4. Considering that the quoting of motor premium rates is dependent upon multiple factors and a variety of risks, the contents of the said advertisements which may be applicable under extreme or exceptional scenarios would make a large number of prospective customers vulnerable to wrong understanding.

5. In view of the above, in terms of Regulation 12 (iii) of IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021 dated 7th April, 2021, the insurers are advised;

- (a) to discontinue the advertisements in respect of the services not related to insurance claims as may be provided by motor garages/workshops.

- (b) to stop displaying discounts with reference or comparison to rates of erstwhile tariff.
- (c) to ensure that the discounts and saving in the premium which may be applicable only under extreme or exceptional scenarios shall not be displayed as examples.

Please acknowledge this circular and confirm having noted its contents.

Yegnapriya Bharath
Chief General Manager (Non-Life)