

No Claim Bonus In Motor Insurance

What happens if I miss the due date of premium payment in life Insurance?

— *Bijoy Sen Gupta, Powai*

Paying the premium within the due date is as important as paying the premium itself. The policy would lapse in case premiums are not paid and the cover would cease to exist. Then, depending on the policy and the number of premiums paid by

you, the policy may or may not acquire a paid-up value. Some companies do provide a grace period after the due date.

I have a ULIP where I have paid the 1st year's premium, but after that due to some financial reason I did not pay the 2nd & 3rd premium. What do I do now?

— *Louis D'mello, Juhu*

This is usually an outcome of improper planning by us or miscalculated selling by the insurance agent. No doubt, this can also happen due to an unexpected change in financial situation, but usually such instances are an exception and occur in less than 5% of the cases. If faced with such a situation, one must write to the respective insurance company about the issue and seek their help in resolution. If doable, insurance companies

may convert the policy into an alternative low-premium bearing or low cover policy or they would deduct the applicable charges and simply



INSURANCE QUERIES

BY MANOJ ASWANI

refund the balance amount of premium to you.

I am pretty unsure how insurance works. When should I intimate the Insurance Company regarding a motor claim?

— *Reema Vaghela, Kandivali*

It is advisable to inform the insurance company as soon as the accident or theft of your vehicle occurs, basically on the same day itself. It enables the insurance company to make an accurate estimate of the damage caused by that particular incident.

When I sell my current car and purchase a new one, what happens to my accumulated No Claim Bonus in Motor Insurance?

— *Ravi Kale, Dadar*

No Claim Bonus (NCB) is a discount to the individual on his

motor insurance claim history. If you have not made a claim and enjoy a particular rate of NCB, then this NCB can be transferred on to your new car. In case you don't sell your old car then the old car will no longer carry the NCB. Please remember NCB can be claimed by an individual only on one particular vehicle at a given point in time.

Are my existing diseases covered at the time of purchasing a health insurance policy?

— *Venugopal Sharma, Matunga*

No. Pre-existing diseases as it is termed in the health insurance policy are usually not covered in the first 2 years of the policy. They will be covered only after you continuously renew (without any break) with the same insurance company for at least 3 years. This condition of 3 years varies from company to company; while some may cover the pre-existing diseases after 2 continuous renewals others may cover it after 4 continuous renewals. ■

(The author is the VP at MyInsuranceClub.com, an insurance price and features comparison site in India.)

- If you have any Insurance Query email it to us at Business@afternoondc.in and we will find you a solution.