

## **VEHICLE INSURANCE & UNDER INSURANCE CLAUSE**

1. CSD obtains a **comprehensive insurance** from a reputed insurance company at start of every financial year for all its vehicles issued under its Hire Purchase Scheme. This insurance Policy is an Accidental insurance that covers risks attached to Accidents including Total Loss & Theft.

2. This policy doesn't cover:-

- a. Technical issues arising out of normal wear and tear.
- b. Any issue/ problem that is covered under company warranty.
- c. Any vehicle which is un-registered
- d. A privately registered vehicle which is used for commercial purposes for example rent a car, Pick and Drop services etc

3. The term "**Under Insurance**" refers to a vehicle whose sum insured is lesser than 30% of its current Invoice Price.

*Example*

*If vehicle is insured at Rs. 1,400,000 and its current invoice price is Rs. 2,600,000/- this implies the vehicle is under insured by 46%.*

4. Impact of under insurance is as follows:-

- a. In case of repair work of an accidental claim, customer is required pay differential amount equivalent to value, it is under insured i.e. 46% of total repair work in above quoted example.
- b. In case a vehicle's repair cost exceeds 40% of its sum insured in respective financial year then the vehicle shall be declared as Total Loss, which means the vehicle is surrendered to the insurance company against receipt of amount equivalent to its sum insured i.e. Rs. 1,400,000/- in above example.

5. For further details please call at 051-8771517