

Approach Document for handling of CTL – Constructive Total loss and TL - Total Loss claims

Policy for TL/CTL Claims:

The insured vehicle shall be treated as a Constructive Total loss (CTL) if the aggregate cost of retrieval and / or repair of the vehicle exceeds 75% of the Insured Declared Value (IDV) of the vehicle, subject to terms and conditions of the policy.

The liability and settlement of total loss / constructive total loss of the vehicle will be arrived as the IDV of the vehicle (including accessories thereon) as specified in the Schedule less the assessed value of the wreck being the value of “as is where is” condition of damaged vehicle.

The value of the wreck will be ascertained with the vehicle registration certificate for vehicles which are not damaged totally (i.e. which can be repaired). As per Section 55 of Motor Vehicle Act 1988, If a motor vehicle has been destroyed or has been rendered permanently incapable of use, the registration certificate must be surrendered to the Regional Transport authority for cancellation and cancellation certificate needs to be submitted to insurer (For example, vehicles completely burnt or crushed beyond repairs). Such wreck will be disposed of on behalf of customer, as scrap, and settlement to the insured will be IDV less the value of wreck.

For disposal, the Company will facilitate competitive quotes on behalf of the customer to identify the prospective buyers for the wreck. The highest bidding amount will be considered as value of wreck. In case, the Insured submits any competitive quote for a higher value, then such higher value will be taken as value of wreck. The Insured has the right, but not the obligation, to sell his damaged vehicle to the identified bidder (as facilitated above) with the vehicle transfer document, similar to selling a used vehicle, and it is not necessary that the Insured needs to sell the wreck only to the buyer facilitated by the Company. Alternatively, the Insured can also retain the wreck and dispose it at his/her convenience. In all the cases, the Company shall not be responsible, after expiry of competitive quote’s validity, for any reduction in value of wreck or deterioration of wreck due to whatsoever reason

The buyer details (highest bidder if facilitated by the Company) will be shared with the insured along with an offer letter by the Company confirming the final settlement amount in writing, with the terms, conditions & timelines / validity of the quote and disposal of the wreck etc on behalf of insured,

If the vehicle is under hypothecation/ lease, the Company’s full and final settlement of the claim amount will only be to the financier / leaser, unless proof of termination of hypothecation / lease agreement is submitted by the Insured to the satisfaction of the Company. Further, we can also make interim payment to the financier / leaser up to 75% of the liability and balance will be settled to insured on submission of proof of HP / lease termination.

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Normally the CTL option will be looked in to when as per the assessment by Insurer, the repair cost exceeds 75% of IDV. However, if the insured does not want to repair the vehicle and repair cost not exceeding 75% of IDV, the Company may treat such case as CTL at its own discretion and offer settlement on cash loss and the Insured may retain the wreck or sell it on their convenience.

The Company may at its own option offer to repair, reinstate or replace the vehicle or part thereof and/or its accessories or may pay in cash the amount of the loss or damage and the liability of the Company shall not exceed IDV less value of Wreck.

Policy for Theft Claims:

For theft of vehicle, the Insured must intimate the theft to the Insurer and police in writing immediately and lodge the FIR (First Information Report to the police).

The Insurer will appoint investigator to confirm facts and scenario of the theft and assist the insured for recovery of the vehicle. Insured needs to support the investigator to collect the facts and evidence.

Simultaneously the insurer will send a detailed letter to the insured explaining the process of theft claim and document requirements at the various stages.

And the insured has to arrange to submit the original non-traceable certificate (NTC) issued by the police station and 173CrPc report from the court to the company.

Based on the investigation findings and documents submitted, admissibility of the claim will be decided, and a communication sent to the insured confirming the admissibility and list of original final documents to be submitted for settlement claim. Claim settlement will be settled on the IDV less applicable policy excess.

In case of recovery of vehicle before settlement of the claim, insured must inform to the insurer and take possession of the vehicle from the police. If the vehicle is recovered with any damages / missing parts, insurer will support for repair cost of the vehicle to the damages / missing parts if any subject to applicable deductions.

Turn Around Time (TAT):

Allotment of survey shall be done in 24 hours of claim intimation. Survey will be carried out within 48 hrs of survey allotment.

The surveyor will submit the report within 15 days and offer letter will be issued within 7 days from the date of submission of survey report.

The settlement of claim will be within 7 days from the date of receipt of last document like consent letter for CTL / TL / Theft Claims or any other final document.

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Point to ponder:

1. The motor insurance policy OD cover will be cancelled from the date of loss after the settlement of claim.
 2. The Company is only facilitating identification of a buyer on behalf of insured, for the vehicle through competitive quotes and shall not be construed being involved in the actual transaction of selling wreck on its behalf.
 3. Upon receipt of consent from Insured, the Company will facilitate a copy of the identification proof of the prospective buyer of wreck, who has submitted the highest quote for your reference.
 4. All procedures related to transfer of ownership of wreck remains the specific responsibility of the Insured and the buyer. Royal Sundaram does not play any role in the transaction of disposal of wreck, except facilitation of competitive quotes.
 5. Once the vehicle is sold, the Insured is advised to inform the concerned Road Transport Authority in writing through registered post that the Insured has sold the vehicle (along with the copy of sale letter).
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