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BE SURE TO TAKE NCB CERTIFICATE FROM INSURER WHEN SELLING OLD CAR

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INDIVIDUALS CAN SAVE on motor insurance premium for a new car by transferring the no-claim bonus (NCB) of the old car. A policyholder with five consecutive claim-free years can get a discount of up to 50% on the own-damage premium of the new car.

The NCB is a reward given by insurers for maintaining a claim-free driving record. As it is linked to the policyholder and not the vehicle, policyholders must secure and retain this benefit before selling the old car. "Doing so ensures that the accumulated discount is not lost and can be seamlessly transferred to the insurance policy of the next vehicle," says Paras Pasricha, head of Motor Insurance, Policybazaar.

If you sell your old car without securing the NCB, the accumulated benefit is lost. The NCB applies only to the own damage premium and not the mandatory third-party premium.

NCB offers progressive discounts on the own damage premium for every claim-free year. With each consecutive claim-free year, the discount grows: 20% after the first, 25% after the second, 35% after the third, 45% after the fourth, and up to 50% after five years. The maximum NCB that can be accumulated is 50%, making it one of the most valuable long-term benefits for careful drivers.

How to transfer NCB

After selling the old vehicle, the



SAFE DRIVING

■ The NCB transfer applies only to the own damage premium & not the mandatory third-party premium

■ The retention certificate is valid for up to three years from the date of issue by the insurer

■ A policyholder can get a discount of up to 50% on the own-damage premium

■ The NCB can only be transferred within the same class of vehicle

policyholder should request an NCB retention or transfer certificate from the existing insurer. It serves as a proof of the accumulated NCB earned over the years. The NCB can only be transferred within the same class of vehicle, such as from a private car to another private car or from a two-wheeler to another two-wheeler. This includes petrol, diesel, hybrid, and electric

vehicles. The process helps retain continuity benefits despite the owner changing his vehicle.

While purchasing insurance for the new car, you can submit this certificate to the insurer to claim the applicable NCB discount on the new policy. The NCB retention certificate is valid for up to three years from the date of issue. The NCB certificate remains valid even if you switch to a

new insurer when buying a new car.

Amarnath Saxena, chief technical officer, Commercial, Bajaj General Insurance, says this means you can take a break from owning a car and still retain your accumulated bonus, provided you purchase a new car within that period. "If you delay beyond three years, the benefit lapses, and you must start building NCB afresh," he adds.

Transfer insurance

While the seller will retain the NCB certificate, he must ensure that the buyer of the old vehicle gets the insurance transferred in his name within 14 days of the purchase. It should be done by submitting the car registration certificate transfer documents to the insurer. This will ensure compliance with legal requirements regarding transfer of the old vehicle and continuity of insurance coverage, especially the mandatory third-party cover.

The third-party insurance component transfers to the new owner along with the old car. Under the Motor Vehicles Act, any vehicle that plys on the road needs mandatory third-party cover. The rates are fixed by the insurance regulator after taking into account the claims of various types of vehicles.

As the period of vehicle replacement has become shorter, selling the vehicle and transferring the NCB to the new car can help in substantial savings in own damage premium and get rewards for claim-free driving.