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Motor insurance gets more personalised as data takes the wheel



Motor insurance is increasingly moving away from a one-size-fits-all approach to personalised cover tailoring the premium to the risks specific to the vehicle and policyholder, thanks to a data-driven approach. The personalisation in the own-damage component is visible in the growing range of modular covers available to customers, including return to invoice, nil depreciation, consumables cover and engine protector, allowing policyholders to build protection around their individual requirements.

“Motor insurance in India has steadily evolved towards greater personalisation and customer-centricity. Customers today have the flexibility to opt for coverages that make their insurance modular and comprehensive,” said Amarnath Saxena, Chief Technical Officer–Commercial, Bajaj General Insurance.

Personalisation is linking insurance more closely to actual vehicle usage and driving patterns. Usage-based motor insurance, for instance, allows customers to declare the distance they expect to drive in a year, with the premium aligned to that usage. A customer declaring an annual usage of, say, 10,000 km can therefore have the cover structured around the expected extent of vehicle use.

There is also ‘Named Driver’ cover, under which the insured declares the licensed individuals who will drive the vehicle. This information can have a direct bearing on risk assessment and pricing, Saxena said. Insurers are also offering bundled add-ons, combining multiple protections into a single package.

Personalisation is also extending to occupational requirements as insurers are now tailoring cover to specific employment requirements, including those of defence personnel. Amit Goel, Director & Principal Officer, Equirus Raghnaill Insurance Broking, said: “Motor insurance is gradually moving from being an asset-based product to a data- and usage-driven product.”

According to Ramit Goyal, Chief Distribution Officer, Generali Central Insurance, digital platforms are further reshaping the business model by simplifying the entire customer journey, prompting insurers to invest in automation, artificial intelligence, analytics and digital claims management capabilities. “The motor insurance business is expected to become increasingly digital, data-led, and customer-centric,” he said.

Connected vehicles could eventually provide insurers with richer information on driving behaviour, vehicle usage, location, mileage and risk patterns, creating the possibility of more sophisticated risk-based pricing. The IRDAI has pioneered personalised cover by permitting new and innovative products under its Regulatory Sandbox model earlier, which are now becoming successful products. In FY26, motor insurance, the second largest after health in the non-life sector, stood at ₹1.08 lakh crore in gross direct premium comprising own damage and third-party cover, as per IRDAI data.