Liberalisation promotes competition which, in turn, benefits consumers

SINCE July 1, motor insurance tariffs have been liberalized. Will this benefit consumers? It depends.

In a scenario after the liberalisation, the consumer continues with his old “package” because of convenience, and if prices go up, he may complain over the increase and get angry at the liberalisation regime, or on the other hand, if prices go down, the consumer feels elated that he has saved money because of the liberalisation; then the consumers have not benefited from the liberalisation regime.

When it is time to renew his motor insurance, the consumer, who now has a range of products and services being offered by competing insurance companies, takes the time to understand their products and services, and makes a choice to get the best deal, then liberalisation would have benefited him.

Beyond just understanding about third party and comprehensive coverage, the consumer needs to understand other terms, such as named driver, special perils like floods coverage and other factors that provide value to the consumer.

These will come at a price. Each consumer has to make comparisons to make the best choice.

Websites comparing insurance value/price packages will crop up. Consumers may need to access them to make comparisons to get the best deal.

Consumers in a liberalised regime need to understand a new factor in tariff pricing – risk.

Insurance companies will look at your risk factors as a

driver. These factors will be considered in pricing your insurance tariff.

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