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When you buy car insurance, you want it to reflect your car's true value, not a reduced amount due to the age of the vehicle. That is where zero depreciation car insurance can help you. It ensures you receive the full claim amount for repairs or replacements, without depreciation deductions.

But how does this add-on relate to your car's Insured Declared Value (IDV)? Let us understand how zero-depreciation cover affects the overall value and effectiveness of your car insurance.

Understanding IDV in Car Insurance

Before understanding how zero depreciation in a car insurance policy impacts your coverage, it is important to know what IDV means. Insured Declared Value (IDV) is the current market value of your car. It is the amount your insurer will pay if your vehicle is stolen or completely damaged beyond repair.

IDV is calculated based on your car's age, model and the depreciation applied to it each year. The older the car, the higher the depreciation and the lower its IDV. Essentially, IDV determines both your premium and the maximum payout you can receive under your car insurance policy.

What is Zero Depreciation Cover in Car Insurance?

Zero Depreciation car insurance, also called "zero dep" or "bumper-to-bumper" cover, is an add-on that removes depreciation from your claim settlement. Normally, when your car's parts are repaired or replaced, the insurer deducts depreciation based on their age and material. For example, metal, plastic or fibre components.

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With zero-dep cover, you are reimbursed for the full cost of repair or replacement, with no depreciation deduction. It is especially useful for new or high-end cars, where spare parts are expensive. However, this add-on is usually available only for vehicles five years old and must be renewed each policy year.

How Zero Depreciation Affects Your Car's IDV?

Technically, zero depreciation does not alter your car's IDV, since IDV is determined by market value, not by add-ons. However, it affects how close your claim payout gets to your car's IDV.

In a regular car insurance policy, depreciation reduces the claim amount. Even if your car's IDV is ₹7 lakh, you might receive less because depreciation is deducted for replaced parts. With zero dep insurance, the insurer covers the full cost of approved repairs, so the payout is much closer to your car's declared IDV.

For example, if you replace a damaged bumper or headlight, standard insurance might cover only 60 to 70% of the cost due to depreciation. With zero depreciation, you recover nearly the entire amount, significantly reducing out-of-pocket expenses.

Why Zero Depreciation is Worth Considering?

Many car owners assume zero dep cover adds too much to their premium, but the difference is often small compared to the savings during a claim. Paying a few hundred rupees extra per year can save you several thousand in repair costs later. Zero-dep insurance is ideal for:

New or luxury cars

Owners who frequently drive in traffic-prone areas

Those who want maximum claim value without depreciation deductions

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Conclusion

Zero depreciation car insurance gives your car insurance policy a real boost. It helps you get repair costs covered in full, without losing money to depreciation. It also keeps your claim amount closer to your car's actual value.

With insurers like TATA AIG, adding this cover is easy. You can renew online, file claims quickly, and keep your coverage simple and transparent. That way, your car stays protected for what it's truly worth.