

Home Insurance

Safeguarding Your Priceless Abode

A home insurance can protect the insured financially against all calamities

By **Anagh Pal**

With cyclones like Fani destroying the strongest of buildings, it leads us to think of the urgency to insure our biggest asset, our home sweet home. And why not? If our health, gadgets and other amenities are expensive and irreplaceable, so is the building which is housing us.

According to Anurag Rastogi, Chief Actuary and Chief Underwriting Officer, HDFC ERGO General Insurance, "The penetration of home insurance is abysmally low in India, at about only one per cent, whereas developed countries have penetration as high as 90 per cent. Most customers purchase home insurance policies only when there is a bank requirement against the home loan taken. This apathy towards home insurance is coming out of mainly two reasons, a casual attitude towards risk protection and very low awareness of the products in this segment."

However, having one's home insured is very important because it is one of life's biggest investments and most home buyers spend a huge amount of their savings to purchase a house or go for a home loan. Natural calamities like cyclones, floods, earthquakes and also incidents like fire, riots and so on can destroy homes, leaving behind a substantial damage to be incurred. "A home insurance that covers the structure as well as its contents, protects an individual homeowner financially from all such calamities at a minuscule cost," said Rastogi.

Even if you are staying on rent, home insurance is important.

"Such a person can buy insurance for contents they own as assets are also valuable, and any damage to them can lead to a financial loss," said Sasikumar Adidamu, Chief Technical Officer, Bajaj Allianz General Insurance. Certain home insurance policies also cover you from financial losses you may incur if your rental property gets damaged and you stop receiving rent from it. "Having a home insurance ensures peace of mind even in hard times as you know that this financial backup will help restore your home back to

normal," he further added.

The home insurance you purchase will depend on your requirement. "One can buy home insurance in three ways—one is only for the structure of the home, another is only for the content of the home and the third is for both structure and content of the home," said Tarun Mathur, Chief Business Officer, General Insurance, Policybazaar.com.

However, at a broader level, there are two kinds of home insurance one can purchase. A basic fire insurance policy covers against financial loss or property damage caused by fire or other covered perils. Other risks covered include lighting, explosions, aircraft damage, riots, flood, cyclones, earthquakes and other

Home insurance covers can be customised as per requirement



natural calamities. "Such policies generally provide re-building costs," commented Rastogi.

The more popular cover that suits homeowners is the comprehensive policy that not only covers the structure of the house, but also all its contents against different perils. "It is important to have a comprehensive policy as sometimes the contents within the house like your personal appliances and furniture cost more than the structure. To build that from scratch may burn a huge hole in your pocket. Additionally, people can also customise their cover as per requirement by opting for add-on covers," advised Adidamu.

For example My Home – All Risk policy from Bajaj Allianz General Insurance provides add on covers like loss of rent, temporary resettlement cover, public liability, dog insurance cover, ATM withdrawal cover, lost wallet cover, key and lock replacement cover, which can provide wider protection during disasters such as flooding. Some other add-on covers offered with comprehensive home insurance policies are, damage caused through terrorism and damage caused by vehicles and animals. Jewellery or other valuables may be included in the policy or be an add on.

"Further, in case of the home being rebuilt, then expenses incurred by the insured to make temporary stay arrangement can also be covered under such a policy," said Rastogi. However he added that a home insurance policy will only cover the direct physical loss to the property and not its consequential loss. The policy excludes any expenses for damages, which may occur due to war, misrepresentation, consequential loss, loss due to wear and tear, and so on.

Once you have decided on the kind of home insurance you want, it is important to fix on the sum assured, which for most basic policies is ascertained based on the



Documents Required In An Event Of A Claim

- Duly completed claim form signed by the insured, detailing the loss or damage and an estimate of the quantum of any claim, along with all documentation required to support and substantiate the amount sought
- Police report for theft and burglary claims
- Bills, invoices and valuation reports required to support and substantiate the claim amount
- NEFT details and a cancelled cheque for direct credit of claim amount to the bank account
- Any other document deemed necessary to establish the loss or its quantum

Source: Bajaj Allianz General Insurance

reconstruction cost, at a current date, which can be arrived at by considering the construction cost of a similar structure.

There are premium comprehensive policies, like the Home Shield Insurance policy offered by HDFC ERGO, where the sum insured can be taken as agreed value of an apartment, using sale deed or ready reckoner value. "It is also suggested to add the value of interior decorations and fixtures in arriving at the sum insured of the basic building structure. For the contents, replacement value is generally taken as the sum insured," suggested Rastogi.

You can choose one of the various channels to buy your home insurance policy. However, there are certain benefits of buying

online, like you can get the quotes offered by different insurers as per your preference and then decide on purchasing. You can also buy a home insurance policy directly from the insurer's website. "In order to promote online sales, few insurers sometimes offer a discounted price also. We see an increase in the online segment, especially in urban areas. One significant benefit from online buying is that the policy can be transacted in a matter of a few minutes," said Rastogi.

Mathur advised, "Irrespective of any insurance policy, one must always compare and then buy. This helps one gain knowledge about the various features available in different plans along with the premium amount. Lower premium should not be the factor behind one's buying decision but an insurance policy should be bought based on the needs and requirements of the person. The best plan will be the one which meets them all."

In case of a loss, the insured has certain obligations, to which Adidamu pointed out, "In case the event that leads to a claim, the insured needs to inform us about the same at the earliest. Customers can intimate us about the damage by either registering a claim on our company website, call on our toll free number, send an email to the customer care ID or directly visit our nearby office. Also while intimating the claim, the insured needs to inform the company about basic details like their name, contact details, policy number, date and time of loss and location of loss."

Therefore, it can be said that availing insurance for your home sweet home is utmost essential as it will provide a protection to your finances as well. All the more, home insurance premium are getting more affordable these days. Getting your home insured is indeed a very smart thing to do. □

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