

Securing your home with insurance against floods

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While arrival of monsoon brings much needed relief to many parched parts of the country, it also creates massive destruction and havoc with flooding. This leads to extensive damage to properties and destroying homes.

The current large-scale devastation caused by Kerala floods as well as frequent floods in some other parts of the country such as the Chennai floods in the recent past are a case in point. Hundreds of people have lost their lives and lakhs of homes and vehicles have got damaged. During such calamities, a drastic difference has been noted between the incurred economic loss and the insured losses. This is mainly due to lack of awareness about this essential financial tool, resulting in under-penetration of insurance.

The Chennai floods in December 2015 also caused massive catastrophic losses where we noticed that the economic losses were much more than the insured losses. Moreover, only a small fragment of these insured losses were pertaining to home insurance. This shows the dismal penetration of and exposure to home insurance in Chennai and its surrounding areas, just like other parts of the country, which is reflected every time cities experience a natural calamity. With overall penetration of general insurance standing at just 0.9% in India, it is not surprising to see a dismal contribution made by Home Insurance.

It is quite interesting to note that people invest in a good vehicle insurance, but do not see the importance of property insurance, where the latter costs a lot more. Most Indians spend a good part of their lives paying the EMI to realise the dream of owning a house, yet majority do not feel the need to protect and insure it. In a situation of floods, a comprehensive home insurance can offer protection against damage to the property caused by the flowing of flood water into the house.

Security tool against floods and other natural calamities:

In the recent past, natural calamities have been on a constant rise in India. Thus, opting for a Home Insurance is a step towards protecting your dwelling against the threats that natural calamities pose. It ensures peace of mind even in hard times



as you know that this financial backup will help restore your home back to normal.

Protects content, valuables and portable equipment:

India has seen a rise in asset creation with increased purchasing power and a booming economy. Hence, there is increase in demand for expensive assets, often electronic in nature. We have noticed that the contents within the house cost more as compared to the cost of your house such as electronic items, home appliances, portable equipment like cell phone or laptop, television, art, jewellery, etc.

Floods can cause irreparable damage to all these precious and valuable contents. It can also damage paint in the house, electric fittings etc. In such events, you may have to start building your house from scratch and here's where home insurance comes to your rescue. It covers losses or damages caused to properties or contents by an unfortunate event - natural and accidental.

There is an increasing trend for rental homes in the country with more people moving to larger cities for jobs. Home insurance is not just limited to landlords who buy property insurance or to those who have home ownership, it can also be purchased by tenants living in rented properties for their contents.

Customising home insurance cover with add on covers:

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 can provide wider protection during disasters such as flooding.

Unlike the prevalent misconception, home insurance is not expensive especially when compared to other means that one invests in to secure their home or property.

Premium for this may be as low as Rs 5 per day and can be bought either for a year or for a longer period. Flats and apartments can be covered on an agreed value basis in addition to reinstatement value basis or indemnity basis.

Few things in life matter as much to us, as our home does. Having a home cover will help secure your prized asset against various risks and contingencies and also ensure that people do not have to plough back into their life savings and investments to rebuild their homes in case of a major disaster like floods. Be money wise, don't put back money post a calamity to rebuild something you already built, rather get home insurance and let your insurer take care of this.

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