

Safety amid nature's chaos

AFTER KERALA HTMoney speaks to experts about how insurance cover can protect you from natural disaster, which one to opt for and terms to check

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MUMBAI: Kerala reels under the worst flood it has faced in about 100 years, chief minister Pinarayi Vijayan tweeted on August 17. The chief minister said nearly 20,000 houses have been fully damaged and nearly 10,000km of state public works department roads were also damaged, causing a preliminary economic loss of around ₹8,316 crore.

Natural calamities lead to a massive economic damage. According to the numbers released by the ministry of water resources, between 2001 and 2017, total economic damages, which would include damages to crops, houses and public utilities, were around ₹2.89 lakh crore.

Only providing more evidence to the fact the economic losses are surmounting with every natural disaster, this figure is almost 126.4% of the total losses incurred between 1953 and 2011.

The maximum losses took place in 2015, to the tune of ₹57,291 crore. The floods in Chennai, according to an Associated Chambers of Commerce and Industry of India statement (ASSO-

CHAM) dated December 2015, had led to losses of more than ₹15,000 crore alone. In the same period, 2001-2017, household losses alone were around ₹42,613.8 crore.

The magnitude of losses indicates the importance of being insured at the right time.

But what is the right time to buy insurance?

"We always see that economic losses resulting out of a natural disaster surpass the quantum of insured losses," said Sasikumar Adidamu, chief technical officer at Bajaj Allianz General Insurance. In most cases, not more than 15% to 20% economic losses are covered, leaving the rest uninsured. The thumb rule is to "buy insurance when you don't really need it," which is when you will find the right products at the most affordable rates and the risk is spread more evenly, Adidamu said.

When a natural calamity occurs, insurers set up a war room and delegate service claims to the affected customers, said Anshuman Verma, chief marketing and digital officer at DHFL Pramerica Life Insurance.

The different modes used to transfer such information are SMSes, e-mail, social media, press advertisements and agents.

But what path should a layman follow to protect themselves from such natural calamities? Individuals should protect their most important asset, life, first, while the next step would be to purchase insurance covering their health, said Puneet Nanda, deputy managing director of ICICI Prudential Life Insurance.



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Apart from these, one should purchase a motor insurance; small and medium enterprises with equipment, tools and stocks should get a fire policy, which will also cover them in case of a flood, a shopkeeper should purchase a shopkeeper insurance policy and a household insurance is essential too, to protect not only the building, but also the furniture, said Adidamu.

Home insurance plans will usually cover contents.

For instance, the Bajaj Allianz My Home - All Risk Policy covers everything, from jewellery, to electronic items such as a mobile phone, laptop, personal computers or even hand mixer.

In case your expensive painting worth lakhs gets damaged in a flood or fire, that will be covered too.

The home insurance plan covers the structure and the contents at the same time in one plan.

The cover and the premium will vary from person-to-person depending on the plan and the add-on covers they choose, the value of the contents in the house as on date, the worth of the house itself and other such parameters.