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Home insurance penetration in India dismal: Bajaj Allianz General Insurance

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India has witnessed three massive floods in the last three years -- flash floods in [Uttarakhand](#) in 2013, Kashmir floods in 2014, and now Chennai in 2015. In the last two weeks, the city was lashed with the worst rains in nearly a century, bringing it to a standstill. Official figures state that nearly 270 people lost their lives, while sources say that the figure goes beyond 500.

In the aftermath of the Chennai floods, **dna** attempted to take stock of insurance payouts, given the loss of life, spread of diseases and widespread damage to property and businesses. Bajaj Allianz General Insurance, which is one of the largest insurance players in Tamil Nadu, with a significant customer base in motor insurance, said that it has already received over 1,000 claims for motor and property insurance. However, the company refrained from putting a number on the insurance payout, saying that it was too early to gauge as the claims have just started coming in.

In an email interview with **Sasikumar Adidamu**, *Chief Technical Officer*, **Bajaj Allianz General Insurance**, **dna** found that while there is awareness about medical and general insurance, most people don't insure their homes against natural calamities despite adequate options available in the market.

Sharing his concerns about the dismal penetration of [home insurance](#) in India, Adidamu said, "Despite awareness, majority of households are uninsured against these risks. Under these circumstances, we can only urge the general public to be adequately insured.

"The lack of insured homes is reflected every time there is a natural calamity in the country," he says.

Adidamu said that in the recent major flood-related incidences in the country, "The economic losses for that region are much higher than the insured losses, owing to the poor penetration of insurance in the country".

The same trend is seen for losses to property and homes, he says. Home insurance penetration in India is below 1%. In fact, of the total premium written by the General Insurance industry, less than 3% accounts for home insurance or cover for dwellings, Adidamu says.

Even this dismal figure, however, "is largely due to the insistence of banks and and financiers to take a cover while giving out home loans," he added.

A recent [FICCI](#) report points out similar trends for floods in Mumbai, Surat and Uttarakhand, he said -- Only 11% of the total losses were covered by insurers.

"This reaffirms the fact that the penetration of insurance is dismal despite there being awareness about the increased exposure to risks due to natural calamities."

In fact, Adidamu says that another trend brought forth by the FICCI report was that even persons who insure their commercial assets like industrial and manufacturing plants, don't purchase an individual policy for their own home.

Given the increasing frequency of such natural calamities in India, and the country's susceptibility, "the need of the hour is to improve penetration of home insurance in the country by increasing awareness, using unique distribution network to reach out to the remotest corners, and offer simple products to ensure that more people are inclined to avail a home insurance, easily," he said.

There are quite a varied number of home insurance covers that the general insurance industry offers to protect against natural calamities like floods.

Under these covers, you can insure your home for:

- Damages to the structure of the house such as its foundation and its walls. Floods and inundation also cause the plaster and paint to come off.

- Damage to furniture and other electrical appliances in the house.

- Compound wall collapse

In 2014, [Bajaj Allianz General Insurance](#) launched a 'My Home All Risk' insurance policy to cover for natural calamities, including floods, earthquakes, and so on.

According to Bajaj Allianz,

- The product not only insures the structure of the home, but also provides the option of protecting the contents including portable equipment, against all risks

- The policy is especially beneficial in the event of a flood as it covers rent for alternate accommodation for a period of up to two years in case of actual total loss, and if the insured opting to reconstruct the damaged structure.

- While most other home insurance policies only cover the cost of construction, the 'My Home All Risk Policy' covers a home at an agreed value basis (area of the home multiplied by the value per square foot of property). This implies that in the event of loss due to floods, the company will compensate the market price of the property, and not just the construction cost.

-- This is an all risk covering policy which even includes Earthquake and Terrorism for the house structure as well as the contents in the house.