

On the Home Front, How Exactly are You Secured?

Find out terms under which your gadgets, appliances and valuables are covered

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Buying a house is probably the single largest investment in one's lifetime, spending as one does a substantial chunk of one's savings on the prized possession. The spending does not stop there. A considerable sum then goes into kitting out the interiors, which hikes the value of the property. Yet, scores of home owners fail to insure this asset, mainly due to lack of awareness. Here are five common situations under which you may require a householder insurance plan, and the circumstances under which the contents may not be insured.

You drop and damage your LED TV, microwave or computer

If you damage a gadget, a home insurance policy may not come to your rescue. Insurers can attribute the damage to carelessness and reject the claim. But some insurers are more accommodating. Sanjay Datta, Chief, Underwriting and Claims, ICICI Lombard GIC, says, "A basic home insurance policy covers only risks like fire, earthquake, burglary, etc. However, if one opts for the all-risk (functional equipment) cover for contents as well, the policy will insure the cost of damage to an equipment while shifting within the house."

Bear in mind that the policy will only reimburse the cost of repair or, in case of total damage, the cost of equipment, subject to depreciation. Certain insurers cover accidental damage subject to the age of the equipment. For instance, Bajaj Allianz My Home All Risk policy offers coverage for equipment that is up to 10 years old. For portable equipment, it is five years.

"In our policy, we have a section called breakdown, which covers electronic and electrical items in the house for electrical and mechanical failure. Along with this, audio and audio-video appliances are also covered for accidental damage," says M Ravichandran, president, insurance, Tata AIG.

Sudden surge in power damages your AC, refrigerator, television

Most insurers do not cover any damage to an electrical equipment caused by power fluctuation. One can stake a claim only if the appliance is destroyed due to a fire, which is the result of a power fluctuation or short circuit. Insurance

companies such as Bajaj Allianz cover electrical and mechanical breakdown but equipment should not be more than 10 years old.

Domestic help or a relative is involved in a theft

Some policies, such as the HDFC ERGO Home Insurance, cover valuable contents, including gadgets and ornaments, against the incidence of theft—irrespective of who the culprit is—if it happens in your absence. You will have to file a first information report (FIR) before making a claim. However, insurers can simply deny the claim citing that the loss has been caused by a person who had authorised access to the house.

You leave a gadget or an appliance on, and it leads to fire

COVERAGE INC

In our policy, we have a section called breakdown, which covers electronic and electrical items in the house

M Ravichandran
President, Tata AIG General Insurance

If the insured can establish that he or she did not deliberately cause fire, the loss is typically covered. "Damage to household equipment due to fire, as long as it is not due to wilful negligence, is covered under our householder's policy, provided the equipment is less than 10 years old," says R. Suresh Nair, Head, products, Bajaj Allianz GI.

A storm uproots a tree or a pole that damages your house

A storm is a special peril and home insurers compensate the insured for the loss or damage to property due to a natural calamity—storm, cyclone, typhoon, tempest, hurricane, tornado, flood or inundation. "In case of a storm, there are high chances of damage to the house due to uprooting of trees or collapse of man-made structures," says Nair.

Things to keep in mind

Since the terms and conditions of various household policies differ, it's important to go through these carefully. These policies come with a compulsory deduction.